

# DRAFT FOR CONSULTATION

## **Emissions Units Settlement Systems and Futures Bill**

Government Bill

Consultation draft



*Hon Lianne Dalziel*

# **Emissions Units Settlement Systems and Futures Bill**

Government Bill

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**The Parliament of New Zealand enacts as follows:**

- 1 Title**  
This Act is the Emissions Units Settlement Systems and Futures Act 2008.
- 2 Commencement**  
This Act comes into force on the day after the date on which it receives the Royal assent.

**Part 1**  
**Reserve Bank of New Zealand Act 1989**

- 3 Principal Act amended**  
This Part amends the Reserve Bank of New Zealand Act 1989.
- 4 Interpretation**
  - (1) The definition of **clearing house** in section 2(1) is amended by inserting “a designated settlement system or” after “services for”.
  - (2) Section 2(1) is amended by repealing the definition of **designated payment system** and substituting the following definition:  
“**designated settlement system** has the meaning set out in section 156M”.
  - (3) Section 2(1) is amended by repealing the definition of **operator** and substituting the following definition:  
“**operator**, in relation to either a designated settlement system or a payment system, means—  
“(a) a clearing house; or  
“(b) a settlement agent; or

- “(c) any other person that provides clearing, settlement, or processing services to participants in that system”.
- (4) Section 2(1) is amended by repealing the definition of **participant** and substituting the following definition:  
“**participant**, in relation to either a settlement system or a payment system,—  
“(a) means a person who has agreed to participate in either a settlement system or a payment system in accordance with the rules of that system; and  
“(b) in the case of a designated settlement system, includes an operator of the settlement system if the designation under **section 156N** so provides”.
- (5) Section 2(1) is amended by inserting the following definition in its appropriate alphabetical order:  
“**settlement system** has the meaning set out in **section 156M**”.

## **5 Moratorium**

Section 122(8) is amended by omitting “designated payment system” in each place where it appears and substituting in each case “designated settlement system”.

## **6 New Part 5C substituted**

Part 5C is repealed and the following Part substituted:

### **“Part 5C**

#### **“Designated settlement systems**

##### *“General*

#### **“156K Exercise of powers under this Part**

- “(1) The powers conferred on the Minister and the Bank by this Part must be exercised for the purposes of—  
“(a) promoting the maintenance of a sound and efficient financial system; or  
“(b) avoiding significant damage to the financial system that could result from the failure of a participant in a settlement system.

- “(2) The powers conferred on the Minister of Commerce and the Commission by this Part must be exercised for the purposes of—
- “(a) promoting the integrity and effectiveness of securities markets and settlement systems in New Zealand; and
  - “(b) enhancing the confidence of investors in securities markets in New Zealand.
- “(3) The Governor-General must exercise the powers conferred on him or her by this Part for the purposes set out in **subsections (1) and (2)**.

“**156L Commission may exercise powers under Securities Act 1978**

- “(1) The Commission may exercise any of its powers under the Securities Act 1978 in performing its functions under this Act, and Part 3 of the Securities Act 1978 applies to its decisions and proceedings under this Act.
- “(2) This section is for the avoidance of doubt.

“**156M Definitions for this Part**

In this Part, unless the context otherwise requires,—

“**Commission** means the Securities Commission established under Part 1 of the Securities Act 1978

“**contact person**, in relation to a settlement system, has the meaning set out in **section 156N(4)**

“**designated settlement system** means a settlement system that is declared as a designated settlement system under **section 156N**

“**insolvency** means,—

- “(a) in the case of a company or other body corporate,—
  - “(i) liquidation under Part 16 of the Companies Act 1993; or
  - “(ii) voluntary administration under Part 15A of the Companies Act 1993; or
  - “(iii) statutory management under Part 3 of the Corporations (Investigation and Management) Act 1989; or
  - “(iv) statutory management under Part 5 of this Act; or

- “(v) liquidation, winding up, voluntary administration, statutory management, or other similar process under any other enactment or rule of law (whether of New Zealand or of another country); and
- “(b) in the case of an individual,—
  - “(i) being adjudged a bankrupt under the Insolvency Act 2006 or any corresponding enactment (whether of New Zealand or of another country); or
  - “(ii) being admitted to the no asset procedure in subpart 4 of Part 5 of the Insolvency Act 2006 or other similar process under any other enactment or rule of law (whether of New Zealand or of another country)

“**joint regulators** means—

- “(a) the Bank; and
- “(b) the Commission

“**Minister of Commerce** means the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978

“**netted balance** means any amount calculated under the netting provisions of the rules of a designated settlement system as the net debit payable by, or on behalf of, a participant in the designated settlement system to, or on behalf of, another participant in that system for all or any claims or obligations to which those rules apply

“**netting** means the conversion into 1 net claim or obligation, or the set-off, of different claims or obligations between participants in a settlement system that results from the issue and receipt of settlement instructions involving 2 or more participants in the settlement system or that is otherwise provided for under the rules of the settlement system,—

- “(a) whether on a bilateral or multilateral basis; and
- “(b) whether or not through the interposition of an operator of the settlement system; and
- “(c) whether or not the obligations or claims constitute mutual credits, mutual debts, or other mutual dealings; and

“(d) whether or not the obligations or claims are denominated in New Zealand currency

“**property** means personal property and includes—

“(a) cash; and

“(b) securities; and

“(c) emissions units (as that term is defined in **section 25**); and

“(d) derivatives

“**rules**,—

“(a) in relation to a settlement system, means the rules of the settlement system (whether made under bylaws, agreements, procedures, contracts, or other documents) that are evidenced in writing and that provide, among other things, for—

“(i) the basis on which settlement instructions are given; and

“(ii) the basis on which settlements are calculated; and

“(iii) the basis on which settlements are effected (either on a gross basis or using netting); and

“(iv) any action to be taken if a participant in the settlement system is unable, or likely to become unable, to meet the participant’s obligations to any or all of the following:

“(A) an operator of the settlement system:

“(B) another participant in the settlement system:

“(C) any other party to those rules; and

“(b) in relation to a designated settlement system, means the rules of that settlement system that are contained in documents specified in the designation under **section 156N**; and includes any amendments to those rules that have—

“(i) been approved by the joint regulators under **section 156ZA**; or

“(ii) been made pursuant to a variation of a designation under **section 156ZB**; or

“(iii) been made other than under **sections 156ZA** or **156ZB**, provided that the amendments were not to a rule that is specified under **section**

156N(2)(c) as being critical to the designation of that designated settlement system

“**settlement** means—

- “(a) the making of a payment or the transfer of the title to, or an interest in, property—
  - “(i) that is done in accordance with a settlement instruction; and
  - “(ii) that is on a gross basis or that uses netting; and
  - “(iii) whether by way of book entry on the accounts of a central bank or the operator of a designated settlement system or otherwise; or
- “(b) any other act that discharges a settlement obligation in accordance with a settlement instruction

“**settlement instruction** means an instruction by a participant in a settlement system—

- “(a) that is made in accordance with the rules of that settlement system; and
- “(b) that results, or is intended to result, in 1 or more settlements being effected

“**settlement system**—

- “(a) means a system or arrangement for effecting settlements or processing settlement instructions in accordance with rules; and
- “(b) includes a payment system.

#### *“Designation*

#### “156N Designation of settlement system

- “(1) The Governor-General may, by Order in Council, on the advice of both the Minister and the Minister of Commerce given in accordance with a joint recommendation of the joint regulators, declare any settlement system to be a designated settlement system.
- “(2) The order must specify—
  - “(a) the settlement system that is the subject of the designation; and
  - “(b) the documents that evidence the rules of that settlement system; and

- “(c) any rules of that settlement system that are critical to the designation.
- “(3) The order may also specify all or any of the following:
  - “(a) conditions to which the designation is subject;
  - “(b) that a particular operator is a participant in the settlement system that is the subject of the designation;
  - “(c) a designated settlement system operator for the purposes of **section 103A** of the Personal Property Securities Act 1999.
- “(4) Both of the joint regulators must, as soon as practicable after a settlement system has been declared to be a designated settlement system, post on their respective websites the name or title of a person to whom notices relating to the designation must be given (the **contact person**).

**“156O Joint regulators’ recommendations subject to procedure in sections 156W to 156Y**

The procedure set out in **sections 156W to 156Y** must be followed by the joint regulators when they make a recommendation under **section 156N(1)**.

*“Effect of designation*

**“156P Rules of designated settlement system are valid and enforceable**

- “(1) Rules of a designated settlement system are valid and enforceable despite any enactment or rule of law to the contrary.
- “(2) However, **subsection (1)** applies only to the extent that the rules provide for—
  - “(a) the basis on which settlement instructions are given; and
  - “(b) the basis on which payments are calculated; and
  - “(c) the basis on which settlements are effected (either on a gross basis or using netting); and
  - “(d) any action to be taken if a participant in the designated settlement system is unable, or likely to become unable, to meet the participant’s obligations to any or all of the following:
    - “(i) an operator of the designated settlement system:

- “(ii) another participant in the designated settlement system:
- “(iii) any other party to those rules.

**“156Q Settlements must not be reversed, etc**

- “(1) A settlement that is effected under the rules of a designated settlement system must not, whether in whole or in part, be reversed, repaid, recovered, or set aside despite any enactment or rule of law to the contrary.
- “(2) **Subsection (1)** extends to any application made to a New Zealand court by a liquidator from another country to reverse, repay, recover, or set aside a settlement (whether in whole or in part) that relates to an insolvency in that country.

**“156R Limits on application of section 156Q(1)**

- “(1) **Section 156Q(1)** does not apply to a settlement that is effected under the rules of a designated settlement system if—
  - “(a) a participant in the designated settlement system in respect of whom the settlement is effected becomes insolvent; and
  - “(b) the settlement is effected after the commencement of that insolvency.
- “(2) Despite **subsection (1)**, **section 156Q(1)** applies to the settlement if—
  - “(a) the settlement is effected within 24 hours of the commencement of the insolvency; and
  - “(b) the contact person can demonstrate that the contact person did not have notice of the commencement of the insolvency at the time that the settlement was effected.
- “(3) For the purposes of **subsection (2)**, a contact person is taken to have notice of the commencement of an insolvency if—
  - “(a) the contact person fails to make any inquiries into the matter that an honest and reasonable person would have made in the circumstances; or
  - “(b) the contact person fails to have regard to any public notice of the commencement of the insolvency that an honest and reasonable person would have had regard to in the circumstances.

**“156S Netting is valid and enforceable**

If the rules of a designated settlement system provide for netting, any netting under those rules is valid and enforceable despite any enactment or rule of law to the contrary.

**“156T Certain provisions of Companies Act 1993 and of Insolvency Act 2006 not to apply to netting**

The following provisions do not apply to any netting under the rules of a designated settlement system:

- “(a) sections 310A to 310O of the Companies Act 1993;
- “(b) sections 255 to 262 of the Insolvency Act 2006.

**“156U Limits on effect of section 156P, 156Q, or 156S**

“(1) Nothing in **section 156P, 156Q, or 156S** prevents—

- “(a) the operation of any enactment or rule of law in relation to an underlying transaction (including, without limitation, sections 56, 292, 297, and 298 of the Companies Act 1993 and section 194 of the Insolvency Act 2006); or
- “(b) any party from taking action against another party that has acted fraudulently or dishonestly so long as the remedy sought or obtained in respect of that action does not affect the application of **section 156P, 156Q, or 156S**.

“(2) If a person brings an action under any enactment or rule of law in relation to an underlying transaction (including, without limitation, sections 56, 292, 297, and 298 of the Companies Act 1993 and section 194 of the Insolvency Act 2006), that person may produce evidence of a settlement before the court for the purpose of proving that—

- “(a) a participant received value by means of that settlement; and
- “(b) the value received was an element of the underlying transaction.

“(3) In this section, **underlying transaction**—

- “(a) means a transaction that gives rise to—
  - “(i) a settlement; or
  - “(ii) a settlement obligation; but
- “(b) does not include—
  - “(i) a settlement instruction; or

“(ii) a settlement in accordance with the rules of a designated settlement system.

**“156V Certain enactments prevail over sections 156P, 156Q, and 156S**

The following enactments prevail over sections 156P, 156Q, and 156S:

“(a) sections 122(8) and 127(4) of this Act:

“(b) sections 42(8) and 44(4) of the Corporations (Investigations and Management) Act 1989.

*“Procedure for making designation*

**“156W Application for designation**

“(1) A person who wishes to have a settlement system declared as a designated settlement system may apply to either of the joint regulators.

“(2) A joint regulator must, as soon as practicable, advise the other joint regulator if it receives an application.

“(3) An application must be accompanied by—

“(a) a copy of the rules of the settlement system and any information required by either or both of the joint regulators; and

“(b) the application fee (if any) that is jointly determined by the joint regulators and approved by both the Minister and the Minister of Commerce by notice in the *Gazette*.

**“156X Consideration of application**

“(1) Both of the joint regulators must consider any application made in accordance with section 156W.

“(2) In considering an application, each of the joint regulators may have regard to any or all of the following matters:

“(a) the purpose and scope of the settlement system:

“(b) the rules of the settlement system:

“(c) any laws or regulatory requirements relating to the operation of the settlement system and the extent to which the settlement system complies with those laws or regulatory requirements:

- “(d) relevant international standards concerning clearing and settlement systems, to the extent that they are relevant in the circumstances:
- “(e) the capability and capacity of the operator of the settlement system:
- “(f) the importance of the settlement system to the financial system:
- “(g) any other matters that the regulator considers appropriate.

**“156Y Decision on application**

- “(1) After considering an application, the joint regulators must together—
  - “(a) make a joint recommendation to both the Minister and the Minister of Commerce that the settlement system to which the application relates be declared to be a designated settlement system under **section 156N**; or
  - “(b) refuse to make that recommendation.
- “(2) If **subsection (1)(b)** applies, the joint regulators must together give notice in writing to the applicant stating—
  - “(a) that the joint regulators refuse to make a recommendation that the settlement system to which the application relates be declared to be a designated settlement system under **section 156N**; and
  - “(b) each of the joint regulators’ reasons for the refusal.

*“Amendments to rules*

**“156Z Joint regulators must be notified of amendments to rules**

- “(1) The operator of a designated settlement system must, as soon as practicable, notify either of the joint regulators of any amendment that is made to the rules of that designated settlement system.
- “(2) A joint regulator must, as soon as practicable, advise the other joint regulator if it receives notice of an amendment to the rules of a designated settlement system.

**“156ZA Amendments to rules specified as being critical under section 156N(2)(c)**

- “(1) This section applies to any rules of a designated settlement system that have been specified under section 156N(2)(c) as being critical to the designation of that designated settlement system (the **critical rules**).
- “(2) An amendment to the critical rules must be approved by both of the joint regulators before that amendment comes into force.

*“Variation and revocation of designation***“156ZB Variation of designation**

The Governor-General may, by Order in Council, on the advice of both the Minister and the Minister of Commerce given in accordance with a joint recommendation of the joint regulators, vary any designation made under section 156N—

- “(a) by amending any of the matters referred to in section 156N(2)(b) and (c) and 3(b) and (c); or
- “(b) making the designation subject to a requirement that an amendment be made to the documents that evidence the rules of the settlement system that is the subject of the designation; or
- “(c) by revoking or amending any condition to which the designation is subject; or
- “(d) by making the designation subject to a new condition.

**“156ZC Revocation of designation**

The Governor-General may, by Order in Council, on the advice of both the Minister and the Minister of Commerce given in accordance with a joint recommendation of the joint regulators, revoke any designation made under section 156N.

**“156ZD Settlement and netting not affected by variation or revocation of designation**

The variation or revocation of a designation made under section 156N does not affect the application of sections 156P, 156Q, and 156S to settlements that were effected, and netting that took place, before the variation or revocation.

**“156ZE Application for variation or revocation of designation**

- “(1) A person who wishes to have the designation made under **section 156N** for a designated settlement system varied or revoked may apply to either of the joint regulators.
- “(2) A joint regulator must, as soon as practicable, advise the other joint regulator if it receives an application.
- “(3) An application must be accompanied by the application fee (if any) that is jointly determined by the joint regulators and approved by both the Minister and the Minister of Commerce by notice in the *Gazette*.

**“156ZF Either joint regulator may independently begin review of designation**

- “(1) Either of the joint regulators may independently begin a review to determine whether or not to recommend a variation or revocation of a designation made under **section 156N**.
- “(2) A joint regulator must, as soon as practicable, advise the other joint regulator if it begins a review to determine whether or not to recommend a variation or revocation of a designation made under **section 156N**.
- “(3) No fee can be charged if a joint regulator independently begins a review to determine whether or not to recommend a variation or revocation of a designation made under **section 156N**.

**“156ZG Matters joint regulators may have regard to in recommending variation or revocation of designation**

In determining whether to make a recommendation that any designation made under **section 156N** be varied or revoked, each of the joint regulators may have regard to any or all of the following matters:

- “(a) the purpose and scope of the designated settlement system:
- “(b) the rules of the designated settlement system:
- “(c) any laws or regulatory requirements relating to the operation of the designated settlement system and the extent to which the designated settlement system complies with those laws or regulatory requirements:

- “(d) relevant international standards concerning clearing and settlement systems, to the extent that they are relevant in the circumstances:
- “(e) the capability and capacity of the operator of the settlement system:
- “(f) the importance of the designated settlement system to the financial system:
- “(g) any failure to comply with any condition to which the designation is subject:
- “(h) any failure to comply with the requirements of this Act:
- “(i) any other matters that the joint regulator considers appropriate.

**“156ZH Procedure for variation or revocation of designation**

- “(1) Before making a recommendation that any designation made under **section 156N** be varied or revoked, the joint regulators must together—
  - “(a) give the contact person notice of—
    - “(i) the reasons for proposing to vary or revoke the designation; and
    - “(ii) the fact that the contact person may make submissions to the joint regulators in relation to the proposed variation or revocation; and
  - “(b) give the contact person an opportunity to make those submissions within a time period that the joint regulators consider reasonable in the circumstances; and
  - “(c) consider any submissions made by the contact person during that time period.
- “(2) The notice referred to in **subsection (1)(a)** may be given either in writing or orally depending on the circumstances of the particular case.

*“Supply of information*

**“156ZI Contact person must be notified of insolvency**

- “(1) This section applies if—
  - “(a) a participant in a designated settlement system (**participant A**) becomes insolvent:

- “(b) any other participant whose settlements are effected by participant A through that designated settlement system becomes insolvent.
- “(2) If this section applies, participant A must, as soon as practicable after becoming aware of the insolvency, notify that fact to the contact person of that designated settlement system.
- “(3) It is sufficient compliance with the requirement to notify the contact person under **subsection (2)** if—
  - “(a) participant A takes all reasonable steps to comply with that requirement; or
  - “(b) the contact person was already aware of the commencement of the insolvency by the time participant A had to notify the contact person under that subsection.

**“156ZJ Supply of information relating to designated settlement system**

- “(1) The joint regulators may, by notice in writing, require any or all of the following persons to supply the joint regulators with any information relating to any designated settlement system:
  - “(a) an operator of the designated settlement system;
  - “(b) a participant in the designated settlement system;
  - “(c) the contact person of the designated settlement system.
- “(2) The joint regulators may exercise the power conferred by **subsection (1)** only if the joint regulators consider that the information is reasonably required to enable them to perform their functions and duties under this Part.
- “(3) A notice under **subsection (1)** may specify—
  - “(a) the periods for which, and the form in which, the information must be supplied; and
  - “(b) the manner in which the information must be verified.
- “(4) A person commits an offence if the person, without lawful justification or excuse, fails to supply information in accordance with this section.
- “(5) The penalty for an offence against this section is set out in **section 156ZO**.

*“Disclosure of information***“156ZK Disclosure of information between joint regulators**

- “(1) No obligation as to secrecy or other restriction upon the disclosure of information, whether imposed by an enactment or otherwise, prevents the disclosure of information between either of the following persons:
- “(a) the Governor, or any officer authorised in that behalf; and
  - “(b) the chairperson of the Commission, or any officer authorised in that behalf.
- “(2) Subsection (1) only applies to information—
- “(a) obtained for the purposes of the administration of this Part, whether under **section 156ZJ** or otherwise; and
  - “(b) which is required to be disclosed by the persons authorised by **subsection (1)** for the purpose of giving effect to this Part.

**“156ZL Disclosure of information to third parties**

- “(1) The joint regulators may publish or disclose any information or data supplied in accordance with **section 156ZJ** only if—
- “(a) the information or data is available to the public under any Act or is otherwise publicly available information; or
  - “(b) the information or data is in a statistical or summary form; or
  - “(c) the publication or disclosure of the information or data is for the purposes of, or in connection with, the exercise of powers conferred by this Act; or
  - “(d) the publication or disclosure of the information or data is to any central bank, authority, or body in any other country that exercises functions that correspond with, or are similar to, those conferred on the joint regulators under this Part, and the joint regulators are satisfied that the information or data will be used by that central bank, authority, or body for the purpose of exercising those functions; or
  - “(e) the publication or disclosure of the information or data is to any person who the joint regulators are satisfied has a proper interest in receiving the information; or

- “(f) the publication or disclosure of the information or data is with the consent of the person to whom the information relates or of the person to whom the information is confidential.
- “(2) The joint regulators must not publish or disclose information or data under **subsection (1)(d) or (e)** unless the joint regulators are satisfied that satisfactory provision exists to protect the confidentiality of that information or data.
- “(3) An officer or employee of either of the joint regulators must not publish or disclose any information or data supplied in accordance with **section 156ZJ** except for the purposes of, or in connection with, the exercise of powers conferred by this Act.
- “(4) An officer or employee of either of the joint regulators commits an offence if the officer or employee contravenes this section.
- “(5) The penalty for an offence against this section is set out in **section 156ZO**.

**“156ZM Limits on further disclosure of information**

- “(1) A person to whom any information or data is published or disclosed must not publish, disclose, or use that information or data unless the publication, disclosure, or use is,—
  - “(a) in the case of a publication or disclosure under **section 156ZL(1)(c)**,—
    - “(i) for the purposes of, or in connection with, the exercise of powers conferred by this Act; and
    - “(ii) in accordance with any conditions that may be imposed by the joint regulators:
  - “(b) in the case of a publication or disclosure under **section 156ZL(1)(e)**,—
    - “(i) authorised by the joint regulators and in accordance with any conditions that the joint regulators may have imposed; or
    - “(ii) necessary or desirable for the exercise of any function or power conferred by any enactment:
  - “(c) in the case of a publication or disclosure under **section 156ZL(1)(f)**, in accordance with the terms and conditions of the consent referred to in that paragraph.

- “(2) A person commits an offence if the person contravenes this section.
- “(3) The penalty for an offence against this section is set out in section 156ZO.

**“156ZN Application of other enactments to information published or disclosed under section 156ZL**

Nothing in any Act, other than this Act or the Official Information Act 1982, requires the joint regulators or any person to whom information or data has been published or disclosed under section 156ZL to make that information or data available to any other person.

*“Penalties for offences against this Part*

**“156ZO Penalties for offences**

- “(1) A person who commits an offence under any of the provisions listed in subsection (2) is liable, on summary conviction,—
- “(a) in the case of an individual, to imprisonment for a term not exceeding 12 months or to a fine not exceeding \$100,000; and
  - “(b) in the case of a body corporate, to a fine not exceeding \$1,000,000.
- “(2) The provisions are—
- “(a) section 156ZJ (which relates to failing to supply information relating to a designated settlement system):
  - “(b) section 156ZL (which relates to disclosure of information supplied in accordance with section 156ZJ to third parties):
  - “(c) section 156ZM (which relates to limits on further disclosure of information).”

**Part 2**  
**Savings provision and amendments to  
other Acts**

*Savings provision*

**7 Amendments do not affect existing designations**

- (1) The amendments to the Reserve Bank of New Zealand Act 1989 made by the **Emissions Units Settlement Systems and Futures Act 2008** do not amend or affect—
  - (a) the designations declared under the Reserve Bank of New Zealand (Designated Payment Systems) Order 2004; or
  - (b) any variations made to those designations before the date on which the **Emissions Units Settlement Systems and Futures Act 2008** came into force.
- (2) However, any amendment to the rules of a settlement system that is subject to, or any variation or revocation of, a designation declared under the Reserve Bank of New Zealand (Designated Payment Systems) Order 2004 made after the date on which the **Emissions Units Settlement Systems and Futures Act 2008** came into force must be made in accordance with the Reserve Bank of New Zealand Act 1989 as amended by the **Emissions Units Settlement Systems and Futures Act 2008**.

*Amendment to Securities Act 1978*

**8 Amendment to Securities Act 1978**

- (1) This section amends the Securities Act 1978.
- (2) Section 10(1) is amended by inserting the following paragraph after paragraph (d):
  - “(da) to keep under review the law and practices relating to designated settlement systems (as defined in **Part 5C** of the Reserve Bank of New Zealand Act 1989) and to perform the functions and duties given to it under **Part 5C** of the Reserve Bank of New Zealand Act 1989; and”.

*Amendments to Securities Transfer Act 1991***9 Amendments to Securities Transfer Act 1991**

Sections 10 and 11 amend the Securities Transfer Act 1991.

**10 Interpretation**

Section 2 is amended by inserting the following definitions in their appropriate alphabetical order:

“**designated settlement system** has the meaning set out in section 156M of the Reserve Bank of New Zealand Act 1989

“**rules** has the meaning set out in section 156M of the Reserve Bank of New Zealand Act 1989”.

**11 Registration may not be refused on ground that securities have been transferred under this Act**

Section 8(1) is amended by inserting “or in accordance with the rules of a designated settlement system,” after “this Act,”.

*Amendments to Personal Property Securities Act 1999***12 Amendments to Personal Property Securities Act 1999**

(1) This section amends the Personal Property Securities Act 1999.

(2) The following heading and section are inserted after section 103:

*“Priority of interests of specified designated settlement system operators***“103A Priority of interests of specified designated settlement system operators**

“(1) The interest of a specified designated settlement system operator in collateral has priority over any security interest in the same collateral if—

“(a) that collateral, or the specified designated settlement system operator’s interest in that collateral, was transferred to the specified designated settlement system operator by a participant in a designated settlement system for the purpose of, or in connection with, effecting a settlement or processing a settlement instruction

- in accordance with the rules of that designated settlement system; and
- “(b) that participant has, under the rules of that system, defaulted.
- “(2) If the interest of a specified designated settlement system operator in collateral has priority under **subsection (1)**, that operator—
- “(a) does not have to comply with section 114(1) in respect of that collateral; and
- “(b) can apply that collateral immediately to effect the settlement, or process the settlement instruction, in respect of which the collateral or the interest in it was transferred to the specified designated settlement system operator.
- “(3) In this section,—
- “**designated settlement system** has the meaning set out in **section 156M** of the Reserve Bank of New Zealand Act 1989
- “**participant**—
- “(a) means a person who has agreed to participate in either a settlement system or a payment system in accordance with the rules of that system; and
- “(b) includes an operator of a designated settlement system if the designation under **section 156N** of the Reserve Bank of New Zealand Act 1989 so provides
- “**payment system** has the meaning set out in section 2(1) of the Reserve Bank of New Zealand Act 1989
- “**rules** means the rules of a designated settlement system, as that term is defined in **paragraph (b)** of the definition of **rules** in **section 156M** of the Reserve Bank of New Zealand Act 1989
- “**settlement** has the meaning set out in **section 156M** of the Reserve Bank of New Zealand Act 1989
- “**settlement instruction** has the meaning set out in **section 156M** of the Reserve Bank of New Zealand Act 1989
- “**settlement system** has the meaning set out in **section 156M** of the Reserve Bank of New Zealand Act 1989
- “**specified designated settlement system operator** means a person who is (and at the time in question remains) specified under **section 156N(3)(c)** of the Reserve Bank of New

Zealand Act 1989 as being a designated settlement system operator for the purposes of this section.”

### Part 3 Securities Markets Act 1988

#### 13 Principal Act amended

This Part amends the Securities Markets Act 1988.

#### 14 Interpretation

- (1) Section 2(1) is amended by repealing the definition of **business rules** and substituting the following definition:  
“**business rules** means the rules made by a registered exchange that govern the conduct of—
  - “(a) business on any securities markets or futures markets operated by the registered exchange;
  - “(b) persons authorised to undertake trading activities on any securities markets or futures markets operated by the registered exchange”.
- (2) Section 2(1) is amended by repealing the definition of **conduct rules** and substituting the following definition:  
“**conduct rules** means,—
  - “(a) in relation to a securities market, the business rules and listing rules of a registered exchange in relation to its securities markets; and
  - “(b) in relation to a futures market, the business rules of a registered exchange in relation to its futures markets”.
- (3) Section 2(1) is amended by inserting the following definition in its appropriate alphabetical order:  
“**futures market** means a market, exchange, or other facility for trading in futures contracts”.
- (4) The definition of **listing rules** in section 2(1) is amended by omitting “securities” in each place where it appears and substituting in each case “registered”.
- (5) The definition of **operate** in section 2(1) is amended by inserting “or futures market” after “securities market”.
- (6) The definition of **registered exchange’s market** is amended by inserting “securities” after “exchange’s”.

**15 Registration of exchanges**

Section 36F is amended by repealing subsection (1) and substituting the following subsections:

- “(1) A body corporate may apply to become a registered exchange—
  - “(a) in respect of securities markets only; or
  - “(b) in respect of securities markets and futures markets.
- “(1A) A body corporate may apply to become a registered exchange by delivering to the chief executive—
  - “(a) an application for registration in the form, and containing the information, required by the chief executive; and
  - “(b) a copy of the proposed conduct rules for the securities markets and (if applicable) futures markets to be operated by the body corporate; and
  - “(c) any fees required by regulations made under section 49 and evidence of payment to the Commission of the fees, charges, or costs required to be paid to it by those regulations.”

**16 Registered exchange must operate securities markets with conduct rules that include required matters and have effect**

- (1) The heading to section 36G is amended by omitting “**securities markets with**” and substituting “**securities and futures markets in accordance with**”.
- (2) Section 36G(1) is amended by inserting “and futures markets” after “securities markets”.

**17 Required matters for conduct rules**

Section 36H is amended by adding the following subsection as subsection (2):

- “(2) Conduct rules for a futures market must include rules (business rules) that govern the conduct of—
  - “(a) business on that market; and
  - “(b) persons authorised to undertake trading activities on that market.”

**18 Determination on whether or not to apply approval process to proposed conduct rules and changes**

- (1) Section 36N(1)(a) is amended by—
  - (a) inserting “or futures market” after “securities market” in the first place where it appears; and
  - (b) omitting “**new securities market**” and substituting “**new market**”.
- (2) Section 36N(2)(a) is amended by inserting “and futures markets” after “securities markets”.
- (3) Section 36N(2)(b) is amended by inserting “and futures markets” after “securities markets”.
- (4) Section 36N(2)(c) is amended by—
  - (a) inserting “and futures markets” after “securities markets”; and
  - (b) omitting “new securities market” and substituting “new market”.

**19 Registered exchange must not operate new securities market if proposed conduct rules or changes not approved**

- (1) The heading to section 36P is amended by omitting “**securities**”.
- (2) Section 36P(1) is amended by inserting “or futures market ” after “securities market”.

**20 Conduct rules must be available for inspection**

Section 36Q(1) is amended by inserting “or futures market” after “securities market”.

**21 Registered exchange must give Commission material information given to market participants**

Section 36ZG is amended by inserting “or futures market” after “securities market”.

**22 Commission may give direction to registered exchanges**

Section 36ZO(2) is amended by repealing paragraph (a) and substituting the following paragraph:

“(a) direct a registered exchange to suspend trading of—

- “(i) the securities, or a class of securities, of 1 or more public issuers; or
- “(ii) 1 or more futures contracts, or a class of futures contracts, traded on a futures market operated by the registered exchange; or”.

**23 Grounds for other directions**

Section 36ZQ is amended by repealing paragraph (a) and substituting the following paragraph:

- “(a) the direction is necessary in the public interest to protect people trading—
  - “(i) the securities, or a class of securities, of 1 or more public issuers; or
  - “(ii) 1 or more futures contracts, or a class of futures contracts, traded on a futures market operated by the registered exchange; but”.

**24 Notice, opportunity for exchange to act, and submissions before Commission gives directions**

Section 36(R) is amended by repealing subsection (1) and substituting the following subsection:

- “(1) A direction may be given under subsection 36ZO only if—
  - “(a) the Commission has given written notice to the registered exchange and, in the case of a direction to suspend the trading of securities or a class of securities, the public issuer or issuers concerned of—
    - “(i) its opinion that the requirements of section 36ZP or section 36ZQ are satisfied; and
    - “(ii) the proposed terms of the direction; and
    - “(iii) the reasons for its opinion; and
  - “(b) after receiving the Commission’s notice, the registered exchange does not take, within the reasonable period stated in the notice,—
    - “(i) in the case of a proposed direction to suspend the trading of securities or a class of securities, action to prevent that trading; or
    - “(ii) in the case of a proposed direction to suspend the trading of futures contracts, or a class of futures contracts, action to prevent that trading; or

- “(iii) in any other case, any other action that, in the Commission’s view, is adequate to assess the situation raised in the notice; and
- “(c) the Commission has had regard to any written submissions made to it by the registered exchange and, in the case of a direction to suspend the trading of securities or a class of securities, the public issuer or issuers concerned within that notice period; and
- “(d) the Commission still considers that it is appropriate to give the direction to the registered exchange.”

## **25 Notice and opportunity to be heard and represented after Commission gives direction**

- (1) Section 36ZT(a) is amended by inserting “, in the case of a direction to suspend the trading of securities or a class of securities, the” after “and” in the first place where it appears.
- (2) Section 36ZT(b) is amended by omitting “those persons” and substituting “the registered exchange and, in the case of a direction to suspend the trading of securities or a class of securities, the public issuer or issuers concerned”.

## **26 Interpretation of terms used in this Part**

The definition of **authorised futures exchange** in section 37(1) is amended by inserting the following paragraph after paragraph (a):

- “(ab) a body corporate that is a registered exchange in respect of securities markets and futures markets whose conduct rules for futures markets have effect under section 36I:”.

## **27 Dealers in futures contracts to be authorised**

- (1) Section 38 is amended by repealing subsection (1) and substituting the following subsection:
  - “(1) No person may carry on the business of dealing in futures contracts unless that person—
    - “(a) is, or is a member of a class of persons that is, authorised by the Commission by notice in the *Gazette* to carry on the business of dealing in futures contracts; or

- “(b) has been approved by an authorised futures exchange under its rules to carry on the business of dealing in futures contracts on the futures markets operated by the authorised futures exchange.”
- (2) Section 38(2) is amended by omitting “subsection (1) of this section” and substituting “subsection (1)(a)”.
- (3) Section 38(3) is amended by omitting “this section” and substituting “subsection (1)(a)”.
- (4) Section 38 is amended by adding the following subsection:  
“(4) For the purposes of subsection (1)(b), **rules**, in relation to an authorised futures exchange within the meaning of paragraph (ab) of the definition of authorised futures exchange in section 37(1), means conduct rules.”

**28 Penalties for failing to comply with Part 2B**

Section 43B(1) is amended by omitting “securities” and substituting “registered”.

**29 Further amendments to principal Act**

The principal Act is amended in the manner set out in Schedule 1.

**30 Amendments to other enactments**

The enactments specified in Schedule 2 are amended in the manner set out in that schedule.

**Part 4**  
**Emissions units registration**

**31 Purposes**

The purposes of this Part are to provide—

- (a) for the registration of emissions units; and  
(b) limited protection for emissions units that are transferred in accordance with the rules of a designated settlement system.

**32 Interpretation**

In this Part, unless the context otherwise requires,—

**designated settlement system** has the meaning set out in section 156M of the Reserve Bank of New Zealand Act 1989

**emissions unit**—

- (a) means personal property that—
  - (i) either—
    - (A) evidences an allowance to emit a specified amount of greenhouse gas under an obligation imposed by any enactment (whether of New Zealand or of another country), rule of law, or contractual provision; or
    - (B) evidences a specified amount of verified reductions, removals, avoidance, or sequestration of greenhouse gas emissions; and
  - (ii) can be surrendered, retired, cancelled, or otherwise used to offset greenhouse gas emissions; and
- (b) includes—
  - (i) a unit as defined in section 4(1) of the Climate Change Response Act 2002; and
  - (ii) any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, to be an emissions unit for the purposes of **this Part**; but
- (c) does not include any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, not to be an emissions unit for the purposes of **this Part**

**greenhouse gas** has the meaning set out in section 31 of the Climate Change Response Act 2002

**rules** has the meaning set out in section 156M of the Reserve Bank of New Zealand Act 1989.

**33 Registration of holder of emissions unit is prima facie evidence of title**

- (1) The entry of the name of a person in a register of emissions units as the holder of an emissions unit is prima facie evidence that legal title to the emissions unit vests in that person.
- (2) No notice of any trust, whether expressed, implied, or constructive, may be entered in a register of emissions units.

**34 Registration may not be refused on ground that emissions unit has been transferred under designated settlement system**

- (1) If an emissions unit has been transferred in accordance with the rules of a designated settlement system, no person may refuse to register the transferee in a register of emissions units on the ground that the emissions unit has been so transferred or that the emissions unit has not been transferred by other means.
- (2) Nothing in this section affects any right a person has to refuse to register a transferee in a register of emissions units on any other ground.

**35 Effect of this Part on other Acts, etc**

- (1) **This Part** has effect despite anything in any enactment, rule of law, constitution, deed, or agreement.
- (2) Nothing in **this Part** affects the validity of any means of transferring an emissions unit other than pursuant to **this Part**.

**Part 5**  
**Amendments to other Acts**

*Amendments to Personal Property Securities  
Act 1999*

**36 Amendments to Personal Property Securities Act 1999**

Sections 37 and 38 amend the Personal Property Securities Act 1999.

**37 Interpretation**

- (1) Section 16(1) is amended by inserting the following definitions in their appropriate alphabetical order:

**“emissions unit—**

- “(a) means personal property that—

- “(i) either—

“(A) evidences an allowance to emit a specified amount of greenhouse gas under an obligation imposed by any enactment (whether of New Zealand or of another country), rule of law, or contractual provision; or

“(B) evidences a specified amount of verified reductions, removals, avoidance, or sequestration of greenhouse gas emissions; and

- “(ii) can be surrendered, retired, cancelled, or otherwise used to offset greenhouse gas emissions; and

- “(b) includes—

“(i) a unit as defined in section 4(1) of the Climate Change Response Act 2002; and

“(ii) any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, to be an emissions unit for the purposes of this Act; but

- “(c) does not include any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, not to be an emissions unit for the purposes of this Act

**“greenhouse gas** has the meaning set out in section 31 of the Climate Change Response Act 2002”.

- (2) The definition of **investment security** in section 16(1) is amended by repealing paragraph (a) and substituting the following paragraph:
- “(a) means—
- “(i) a writing (whether or not in the form of a security certificate) that is recognised in the place in which it is issued or dealt with as evidencing a futures contract, or a warrant or option or share, right to participate, or other interest in property or an enterprise, or that evidences an obligation of the issuer, and that, in the ordinary course of business, is transferred or withdrawn by—
    - “(A) delivery with any necessary endorsement, assignment, or registration in the records of the issuer or agent of the issuer, or by compliance with restrictions on transfer or withdrawal; or
    - “(B) an entry in the records of a clearing house or securities depository; or
    - “(C) an entry in the records maintained for that purpose by or on behalf of the issuer; or
    - “(D) an entry in the records maintained for that purpose by or on behalf of the nominee:
  - “(ii) an emissions unit; but”.

**38 Meaning of “possession” in certain cases**

- (1) Section 18(1) is amended by inserting “, other than an emissions unit,” after “investment security” in each place where it appears.
- (2) Section 18 is amended by inserting the following subsection after subsection (1):
- “(1A) For the purposes of this Act, a person takes possession of an investment security that is an emissions unit if the emissions unit—
- “(a) is, in the ordinary course of business, traded or settled through a clearing house or securities depository, by the clearing house or securities depository recording the interest of the person in the emissions unit; or

- “(b) is not, in the ordinary course of business, traded or settled through a clearing house or securities depository, by registering in the Registry (as defined in section 4(1) of the Climate Change Response Act 2002) the interest of the person in the emissions unit; or
- “(c) is, in the ordinary course of business, held by a nominee, by recording in the records of the nominee the interest of the person in the emissions unit.”

*Amendments to Securities Act 1978*

**39 Amendments to Securities Act 1978**

Sections 40 and 41 amend the Securities Act 1978.

**40 Interpretation**

Section 2(1) is amended by inserting the following definitions in their appropriate alphabetical order:

“**emissions unit**—

“(a) means personal property that—

“(i) either—

“(A) evidences an allowance to emit a specified amount of greenhouse gas under an obligation imposed by any enactment (whether of New Zealand or of another country), rule of law, or contractual provision; or

“(B) evidences a specified amount of verified reductions, removals, avoidance, or sequestration of greenhouse gas emissions; and

“(ii) can be surrendered, retired, cancelled, or otherwise used to offset greenhouse gas emissions; and

“(b) includes—

“(i) a unit as defined in section 4(1) of the Climate Change Response Act 2002; and

“(ii) any right, asset, or thing that the Governor-General, on the recommendation of the Minister, declares, by Order in Council, to be an emissions unit for the purposes of this Act; but

“(c) does not include any right, asset, or thing that the Governor-General, on the recommendation of the Minister, declares, by Order in Council, not to be an emissions unit for the purposes of this Act

“**greenhouse gas** has the meaning set out in section 31 of the Climate Change Response Act 2002”.

**41 Meaning of “security”**

Section 2D is amended by inserting the following subsection after subsection (1):

“(1A) An emissions unit is not a security for the purposes of this Act.”

*Amendments to Securities Markets Act 1988*

**42 Amendments to Securities Markets Act 1988**

Sections 43 and 44 amend the Securities Markets Act 1988.

**43 Interpretation**

(1) The definition of **security** in section 2(1) is amended by inserting the following paragraph after paragraph (a):

“(ab) does not include an emissions unit; and”.

(2) The definition of **security** in section 2(1) is amended by omitting “paragraph (a)” in each place where it appears and substituting in each case “**paragraphs (a) and (ab)**”.

(3) Section 2(1) is amended by inserting the following definitions in their appropriate alphabetical order:

“**emissions unit** has the meaning set out in section 37(1)

“**greenhouse gas** has the meaning set out in section 37(1)”.

**44 Interpretation of terms used in this Part**

(1) The definition of **commodity** in section 37(1) is amended by omitting “and a financial instrument” and substituting “, a financial instrument, and emissions units”.

(2) Section 37(1) is amended by inserting the following definitions in their appropriate alphabetical order:

“**emissions unit**—

“(a) means personal property that—

- “(i) either—
    - “(A) evidences an allowance to emit a specified amount of greenhouse gas under an obligation imposed by any enactment (whether of New Zealand or of another country), rule of law, or contractual provision; or
    - “(B) evidences a specified amount of verified reductions, removals, avoidance, or sequestration of greenhouse gas emissions; and
  - “(ii) can be surrendered, retired, cancelled, or otherwise used to offset greenhouse gas emissions; and
  - “(b) includes—
    - “(i) a unit as defined in section 4(1) of the Climate Change Response Act 2002; and
    - “(ii) any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, to be an emissions unit for the purposes of this Act; but
  - “(c) does not include any right, asset, or thing that the Governor-General, on the recommendation of the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Securities Act 1978, declares, by Order in Council, not to be an emissions unit for the purposes of this Act
- “**greenhouse gas** has the meaning set out in section 31 of the Climate Change Response Act 2002”.
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## Schedule 1

s 29

### Further amendments to principal Act

#### Section 2(1)

Definition of **listed**: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 2(1)

Paragraph (b) of the definition of **security**: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 2(1)

Definition of **trading day**: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 4(3)

Omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 6(1)(b)

Omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 19D

Omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 19Q(2)(b)

Paragraph (b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Paragraph (c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

#### Section 35G

Paragraph (a): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Section 35G**—*continued*

Paragraph (b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Section 48E(2)**

Paragraph (b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Paragraph (c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

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**Schedule 2**

s 30

**Amendments to other enactments**

**Part 1**

**Amendments to other Acts**

**Chateau Companies Act 1977 (1977 No 4)**

Section 9(2)(e): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Companies Act 1993 (1993 No 105)**

Section 61(7)(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Securities Markets Amendment Act 2002 (2002 No 44)**

Section 32(2): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Dairy Industry Restructuring Act 2001 (2001 No 51)**

Section 102(3)(a): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Section 103(3)(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Insolvency Act 1967 (1967 No 54)**

Section 72(2)(e): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Mackelvie Trust Act 1958 (1958 No 2 (P))**

Section 7(2): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Section 7(3): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Methodist Charitable and Educational Trusts Act 1911 (1911 No 1 (L))**

Section 30(1)(f): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Part 1  
Amendments to other Acts—*continued***National Heart Foundation of New Zealand Empowering Act  
1970 (1970 No 3 (P))**

Section 3(1): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Port Companies Act 1988 (1988 No 91)**

Section 13: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Securities Transfer Act 1991 (1991 No 119)**

Definition of **stock exchange’s market** in section 2: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**St John’s College Trusts Act 1972 (1972 No 6 (P))**

Section 11(1)(c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Takeovers Act 1993 (1993 No 107)**

Definition of **quoted** in section 2(1): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Definition of **registered exchange’s market**: insert “**securities**” after “**exchange’s**”.

Paragraph (a) of the definition of **specified company** in section 2(1): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Section 35(1)(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Section 35(3)(a): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Section 44V(c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Part 1  
Amendments to other Acts—*continued*

**Wellington Methodist Charitable and Educational Trusts Act  
1916 (1916 No 13 (L))**

Section 31(1)(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Part 2  
Amendments to regulations

**Securities Markets (Disclosure of Relevant Interests by  
Directors and Officers) Regulations 2003 (SR 2003/382)**

Section 19(2)(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Securities Regulations 1983 (SR 1983/121)**

Heading above regulation 23: omit “**registered exchange’s market**” and substitute “**registered exchange’s securities market**”.

Regulation 23(1)(a): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

**Securities (Substantial Security Holders) Regulations 1997  
(SR 1997/110)**

Regulation 10(1)(g): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Regulation 14(b): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule 1 clause 7(d) of the notes to Form 1: omit “registered exchange’s market” in each place where it appears and substitute “registered exchange’s securities market”.

Schedule 1 definition of **Relevant documentation** in clause 8 of the notes to Form 1: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Part 2  
Amendments to regulations—*continued***Takeovers Code Approval Order 2000 (SR 2000/210)**

Paragraph (a) of the definition of **code company** in clause 3(1) of the Schedule: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Definition of **registered exchange’s market** in clause 3(1) of the Schedule: insert “**securities**” after “**exchange’s**”.

Schedule clause 25(5)(c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule clause 26(2)(c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule clause 28(1) second paragraph (c): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule clause 45(2): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule clause 46(a)(ii)(C): omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Schedule clause 51: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Paragraph (a) of the definition of **annual report** in clause 18(6) of Schedule 2 of the Schedule: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.

Paragraph (a) of the definition of **half-yearly report** in clause 18(6) of Schedule 2 of the Schedule: omit “registered exchange’s market” and substitute “registered exchange’s securities market”.