

▶ **GUIDE TO BECOMING AN NZX DERIVATIVES PARTICIPANT AND CLEARING PARTICIPANT**

2010

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▶ **DISCLAIMER**

The information contained in this document is a guide only. Participation in, and trading on any NZX Market or the clearing house is subject to compliance with the relevant Rules, and this document is not a substitute for those Rules. NZX, or NZCC, as appropriate, will determine, in its sole discretion, whether any Participant or potential Participant meets the requisite criteria to participate in any NZX Market or to clear via NZCC. This publication is for information only and does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. Those wishing either to trade in or clear or settle any products available at NZX or via NZCC or to offer and sell them to others should consider both their legal and regulatory position, including the relevant Rules, and the risks associated with such products before doing so. All information, descriptions, examples and calculations contained in this publication are for guidance purposes only, and should not be treated as definitive.

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▶ INTRODUCTION

This document has been developed to assist firms wishing to apply for designation as a Participant under the Derivatives Market Rules (“Derivatives Rules”) and procedures made in accordance with the Rules (“Derivatives Procedures”), and/or as a Clearing Participant under the Clearing and Settlement Rules (“C&S Rules”) and procedures made in accordance with the Rules (“C&S Procedures”).

The application process for both Derivative Participant and Clearing Participant status consists of completing the appropriate application forms and the provision of supporting information as detailed in the Derivatives Rules and Derivatives Procedures and the C&S Rules and C&S Procedures.

Please note, this document seeks to provide guidance only, it is up to the applicant to determine its obligations under the Derivatives Rules and Derivatives Procedures and the C&S Rules and C&S Procedures.

New Zealand Clearing and Depository Corporation Limited (“NZCC”) is a wholly owned subsidiary of NZX. NZCC in turn owns New Zealand Clearing Limited (“NZC”) and New Zealand Depository Limited (“NZD”).

▶ **NZX’s strategy is to build and grow markets, with expertise applied across the securities, energy and agri-business sectors including the development of derivative products.**

▶ **NZX Markets offers its clients an increasingly diverse set of markets-related services, supported by world class infrastructure and real time information. We support companies and investors with strong technology and regulatory infrastructure, tailored solutions for companies, and comprehensive data and information services.**

▶ SUMMARY OF PARTICIPANT CATEGORIES

	▶ CLEARING				▶ ADVISING		▶ TRADING			
	LENDING CLEARING	DEFAULT CLEARING	INDIVIDUAL CLEARING	GENERAL CLEARING	INTRODUCING BROKER	ADVISING FIRM	TECHNOLOGY CONNECTING	BANK ONLY PARTICIPANT	PRINCIPAL ONLY DEALER	TRADING AND ADVISING FIRM
TRADE ON BEHALF OF CLIENTS								✓		✓
TRADE ON PRINCIPAL ACCOUNT								✓	✓	✓
HOLD CLIENT ASSETS						✓		✓		✓
ADVISE CLIENTS					✓	✓		✓		✓
TRADE ON MARKET ON BEHALF OF A TCF CLIENT							✓			
CLEAR AND SETTLE FOR TRADING PARTICIPANT		✓		✓						
CLEAR AND SETTLE ON OWN BEHALF			✓	✓						
CLEAR AND SETTLE LENDING TRANSACTIONS	✓	✓	✓	✓						
CAPITAL ADEQUACY REQUIREMENT		✓	✓	✓	✓	✓	✓	✓		✓

▶ ADVISING PARTICIPANTS

ADVISING FIRM

What is an Advising Firm?

An Advising Firm is a Participant that has been accredited and approved by NZX for the purpose of providing advice to clients. Advising Firms are not able to directly enter and/or settle trades, and must enter into an agreement with a Trading and Advising Firm for the execution of trades.

An Advising Firm has the ability to:

- ▶ Provide advice to clients; and
- ▶ If permitted by NZX, hold client funds.

What type of accreditation is involved in becoming an Advising Firm?

An Advising Firm must:

- ▶ Meet the capital adequacy requirements for an Advising Firm, being, at a minimum, Net Tangible Assets of \$500,000;
- ▶ Enter into a Trading Agreement with a Trading and Advising Firm in order to facilitate trading;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Advising Firm complies with the Derivatives Rules and Derivatives Procedures;
- ▶ Appoint a Compliance Manager who is accountable for ensuring compliance with the Derivatives Rules and Derivatives Procedures, maintaining appropriate registers, and overseeing the effective control of the Advising Firm's business; and
- ▶ Ensure that any employees who are providing advice to clients have the required accreditation and training.

What are my obligations to NZX as an Advising Firm?

An Advising Firm is required to act in accordance with the Derivatives Rules specific to this category of Participant. This requires, for example:

- ▶ Ensuring that only NZX accredited Advisors provide advice to clients;
- ▶ Entering into Client Agreements with its clients and obtaining the required "Know Your Client" information;
- ▶ Notifying NZX of changes to the business; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.

INTRODUCING BROKERS

What is an Introducing Broker?

An Introducing Broker is a Participant that has been accredited and approved by NZX for the purpose of providing advice to clients. Introducing Brokers do not directly enter and/or settle trades, and must enter into an agreement with a Trading and Advising Firm for the execution of trades.

What type of accreditation is involved in becoming an Introducing Broker?

An Introducing Broker must:

- ▶ Meet the capital adequacy requirements for an Introducing Broker, being, at a minimum, Net Tangible Assets of \$250,000;
- ▶ Enter into a Trading Agreement with a Trading and Advising Firm or with an Advising Firm who has a Trading Agreement with a Trading and Advising Firm;

▶ **ADVISING PARTICIPANTS** CONTINUED

- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Introducing Broker complies with the Derivatives Rules and Derivatives Procedures;
- ▶ Appoint a Compliance Manager who is responsible for ensuring compliance with the Derivatives Rules, maintaining appropriate registers, and overseeing the effective control of the Introducing Broker's business; and
- ▶ Ensure that any employees who are providing advice to clients have the required accreditation and training.

What are my obligations to NZX as an Introducing Broker?

An Introducing Broker is required to act in accordance with the Derivatives Rules and Derivatives Procedures specific to this category of Participant. This requires, for example:

- ▶ Ensuring that only NZX accredited Advisors provide advice to clients;
- ▶ Entering into Client Agreements with its clients and obtaining the required "Know Your Client" information;
- ▶ Notifying NZX of any changes to its business; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.

▶ TRADING PARTICIPANTS

TRADING AND ADVISING FIRM

What is a Trading and Advising Firm?

A Trading and Advising Firm is a Participant that has been accredited and approved by NZX for the purpose of providing advice to clients and trading in the derivatives market provided by NZX (the “NZX Derivatives Market”).

Trading and Advising Firms have the ability to:

- ▶ Advise clients;
- ▶ Trade on behalf of clients or as principal in the NZX Derivatives Market;
- ▶ Hold client assets;
- ▶ Enter into Trading Agreements with Advising Participants; and
- ▶ If accredited to do so, offer Direct Market Access (DMA) facilities to its clients.

What type of accreditation is involved in becoming a Trading and Advising Firm?

A Trading and Advising Firm must:

- ▶ Meet the capital adequacy requirements for a Trading and Advising Firm, being, at a minimum, Net Tangible Assets of \$500,000;
- ▶ Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Trading and Advising Firm complies with the Derivatives Rules and Derivatives Procedures;

- ▶ Appoint a Compliance Manager who is responsible for ensuring compliance with the Derivatives Rules and Derivatives Procedures, maintaining appropriate registers, and overseeing the effective control of the Trading and Advising Firm’s business; and
- ▶ Ensure that any employees who are providing advice to clients and entering trades have the required accreditation and training.

What are my obligations to NZX as a Trading and Advising Firm?

A Trading and Advising Firm is required to act in accordance with the Derivatives Rules and Derivatives Procedures specific to this category of Participant. This requires, for example:

- ▶ Ensuring the accuracy and integrity of orders placed into the market;
- ▶ Ensuring that only NZX accredited Advisors provide advice to clients;
- ▶ Entering into Client Agreements with its clients and obtaining the required “Know Your Client” information;
- ▶ Notifying NZX of changes to its business; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.

▶ **TRADING PARTICIPANTS** CONTINUED

PRINCIPAL BOOK ONLY DEALERS

What is a Principal Book Only Dealer?

A Principal Book Only Dealer is a Participant that has been accredited and approved by NZX for the purpose of trading on its own account on the NZX Derivatives Market. A Principal Book Only Dealer may not advise or trade on behalf of clients.

What type of accreditation is involved in becoming a Principal Book Only Dealer?

A Principal Book Only Dealer must:

- ▶ Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Principal Book Only Dealer complies with the Derivatives Rules and Derivatives Procedures; and
- ▶ Ensure that any employees who are entering trades have the required accreditation and training.

What are my obligations to NZX as a Principal Book Only Dealer?

A Principal Book Only Dealer is required to act in accordance with the Derivatives Rules and Derivatives Procedures specific to this category of Participant. This requires, for example:

- ▶ Ensuring the accuracy and integrity of orders placed into the market;
- ▶ Notifying NZX of changes to its business; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.

▶ **TRADING PARTICIPANTS** CONTINUED

BANK ONLY PARTICIPANTS

What is a Bank Only Participant?

A Bank Only Participant is a Bank that has been accredited and approved by NZX as a Bank Only Participant for the purpose of providing advice to clients and trading in the NZX Derivatives Market.

Bank Only Participants have the ability to:

- ▶ Advise clients;
- ▶ Trade on behalf of a client or as principal in the NZX Derivatives Market;
- ▶ Hold client assets; and
- ▶ If accredited to do so, offer Direct Market Access (DMA) facilities to its clients.

What type of accreditation is involved in becoming a Bank Only Participant?

A Bank Only Participant must:

- ▶ Meet the capital adequacy requirement for a Bank Only Participant, being, at a minimum, Net Tangible Assets of \$500,000;
- ▶ Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Bank Only Participant complies with the Derivatives Rules and Derivatives Procedures;

- ▶ Appoint a Compliance Manager who is responsible for ensuring compliance with the Derivatives Rules and Derivatives Procedures, maintaining appropriate registers, and overseeing the effective control of the Bank Only Participant's business; and
- ▶ Ensure that any employees who are providing advice to clients and entering trades have the required accreditation and training.

What are my obligations to NZX as a Bank Only Participant?

A Bank Only Participant is required to act in accordance with the Derivatives Rules and Derivatives Procedures specific to this category of Participant. This requires, for example:

- ▶ Ensuring the accuracy and integrity of orders placed into the market;
- ▶ Ensuring that only NZX accredited Advisors provide advice to clients;
- ▶ Entering into Client Agreements with its clients and obtaining the required "Know Your Client" information;
- ▶ Notifying NZX of changes to its business; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.

▶ **TRADING PARTICIPANTS** CONTINUED

TECHNOLOGY CONNECTING FACILITY (“TCF”)

What is a TCF?

A TCF is a Trading Participant that has been accredited and approved as such by NZX for the purpose of facilitating trades for a TCF Client. A TCF Client is a Person who is regulated by an alternative regulator or has been exempted from such alternative regulation by NZX.

A TCF provides TCF Clients with DMA access to the NZX Derivatives Market. A TCF may not provide advice to clients, trade as principal or hold client funds.

What type of accreditation is involved in becoming a TCF?

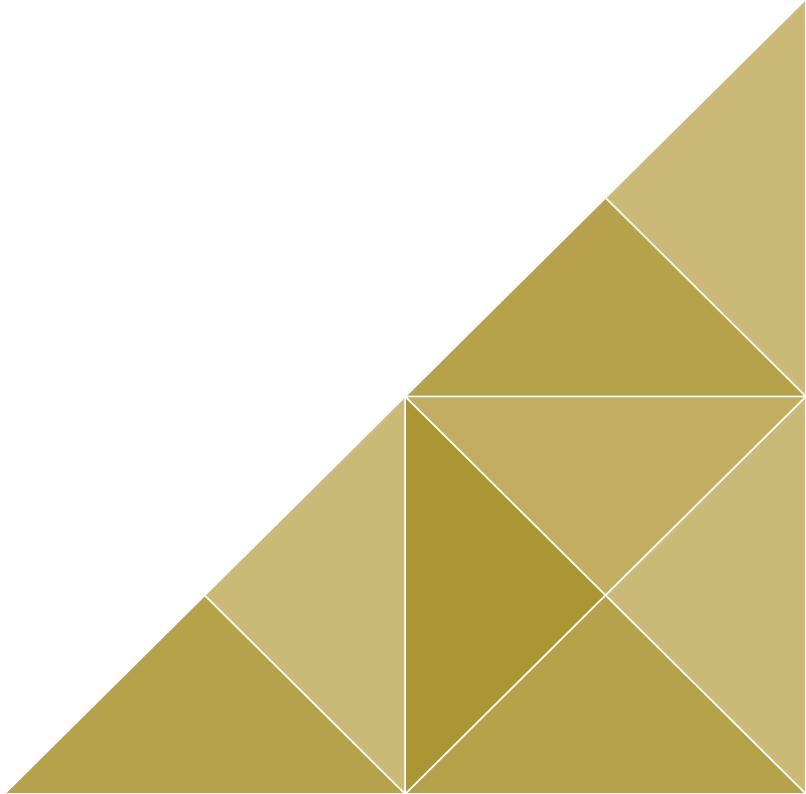
A TCF must:

- ▶ Meet the capital adequacy requirements for a TCF, being, at a minimum, Net Tangible Assets of \$500,000;
- ▶ Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the TCF complies with the Derivatives Rules and Derivatives Procedures; and
- ▶ Appoint a Compliance Manager (who may be the same person as the Responsible Executive) who is responsible for ensuring compliance with Derivatives Rules and Derivatives Procedures, maintaining appropriate registers, and overseeing the effective control of the TCF's business.

What are my obligations to NZX as a TCF?

A TCF is required to act in accordance with the Derivatives Rules and Derivatives Procedures specific to this category of Participant. This requires, for example:

- ▶ Ensuring a register is kept of all DMA Authorised Persons and TCF Clients;
- ▶ Being responsible for all orders entered into the Trading System through its DMA Authorised Persons;
- ▶ Entering into Client Agreements with its clients; and
- ▶ Observing proper ethical standards and acting with honesty, integrity and fairness.



▶ CLEARING PARTICIPANTS

GENERAL CLEARING PARTICIPANT

What is a General Clearing Participant?

A General Clearing Participant is a Clearing Participant that has been accredited and approved by NZC for the purpose of clearing and settling trades through the Clearing House.

A General Clearing Participant has the ability to:

- ▶ Clear and settle trades on behalf of Trading Participants with whom it has a Clearing and Settlement Agreement; and
- ▶ Clear and settle trades on its own behalf.

What type of accreditation is involved in becoming a General Clearing Participant?

A General Clearing Participant must:

- ▶ Meet the capital adequacy requirements for a General Clearing Participant, having at a minimum, Net Tangible Assets of \$5,000,000;
- ▶ Be a Depository Participant;
- ▶ Satisfy NZC that it is of suitable standing, and has appropriate systems, management structures and procedures;
- ▶ Appoint a Responsible Person who is responsible for ensuring that the General Clearing Participant complies with the C&S Rules and C&S Procedures; and
- ▶ Ensure that employees who have access to the Clearing and Settlement system are trained appropriately.

What are my obligations to NZC as a General Clearing Participant?

A General Clearing Participant is required to act in accordance with the C&S Rules. This includes, for example:

- ▶ Satisfying its margin obligations;
- ▶ Maintaining satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions;
- ▶ Notifying NZC of any changes to its business;
- ▶ Maintaining sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the C&S Rules and C&S Procedures; and
- ▶ Refraining from any conduct which is likely to harm the reputation or integrity of the Clearing House or constitute unprofessional conduct.

► **CLEARING PARTICIPANTS** CONTINUED

INDIVIDUAL CLEARING PARTICIPANT

What is an Individual Clearing Participant?

An Individual Clearing Participant is a Clearing Participant which has been accredited and approved by NZC for the purpose of clearing and settling only its transactions through the Clearing House on its own behalf.

What type of accreditation is involved in becoming an Individual Clearing Participant?

An Individual Clearing Participant must:

- ▶ Meet the capital adequacy requirements for a Individual Clearing Participant, having, at a minimum, Net Tangible Assets of \$1,000,000;
- ▶ Be a Depository Participant;
- ▶ Satisfy the Clearing House that the Individual Clearing Participant is of suitable standing, and has appropriate systems, management structures, and procedures;
- ▶ Appoint a Responsible Executive who is responsible for ensuring that the Individual Clearing Participant complies with the C&S Rules and C&S Procedures; and
- ▶ Ensure that employees who have access to the Clearing and Settlement system are trained appropriately.

What are my obligations to NZC as an Individual Clearing Participant?

An Individual Clearing Participant is required to act in accordance with the C&S Rules and C&S Procedures. This includes, for example:

- ▶ Satisfying its margin obligations;
- ▶ Maintaining satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions;
- ▶ Notifying NZC of any changes to its business;
- ▶ Maintaining sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the C&S Rules and C&S Procedures; and
- ▶ Refraining from any conduct which is likely to harm the reputation or integrity of the Clearing House or constitute unprofessional conduct.

► **CLEARING PARTICIPANTS** CONTINUED

DEFAULT CLEARING PARTICIPANT

What is a Default Clearing Participant?

A Default Clearing Participant is a Clearing Participant that has been accredited and approved by NZC for the purpose of providing the clearing and settlement of transactions through the Clearing House only on behalf of Trading Participants.

Default Clearing Participants are not able to clear and settle transactions on their own behalf, and must accept any genuine and reasonable request from a Trading Participant who seeks to enter into a Clearing and Settlement Agreement with the Default Clearing Participant.

What type of accreditation is involved in becoming a Default Clearing Participant?

A Default Clearing Participant must:

- ▶ Meet the capital adequacy requirements for a Default Clearing Participant, having at a minimum, Net Tangible Assets of \$5,000,000;
- ▶ Be a Depository Participant;
- ▶ Satisfy the Clearing House that it is of suitable standing and has appropriate systems, management structures and procedures;
- ▶ Appoint a Responsible Person who is responsible for ensuring that the Default Clearing Participant complies with the C&S Rules and C&S Procedures; and
- ▶ Ensure that employees who have access to the Clearing and Settlement system are trained appropriately.

What are my obligations to NZC as a Default Clearing Participant?

A Default Clearing Participant is required to act in accordance with the C&S Rules and C&S Procedures. This includes, for example:

- ▶ Satisfying its margin obligations;
- ▶ Maintaining satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions;
- ▶ Using best endeavours to remain technologically current and being able to clear and settle all products as they are introduced;
- ▶ Notifying NZC of any changes to its business;
- ▶ Maintaining sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the C&S Rules and C&S Procedures; and
- ▶ Refraining from any conduct which is likely to harm the reputation or integrity of the Clearing House or constitute unprofessional conduct.

▶ **CLEARING PARTICIPANTS** CONTINUED

LENDING CLEARING PARTICIPANT

What is a Lending Clearing Participant?

A Lending Clearing Participant is a Depository Participant that has been accredited and approved by NZC for the purpose of clearing and settling lending transactions (which occur in the Depository) on its own behalf through the Clearing House.

A Lending Clearing Participant may be either a borrower or a lender or both.

What type of accreditation is involved in becoming a Lending Clearing Participant?

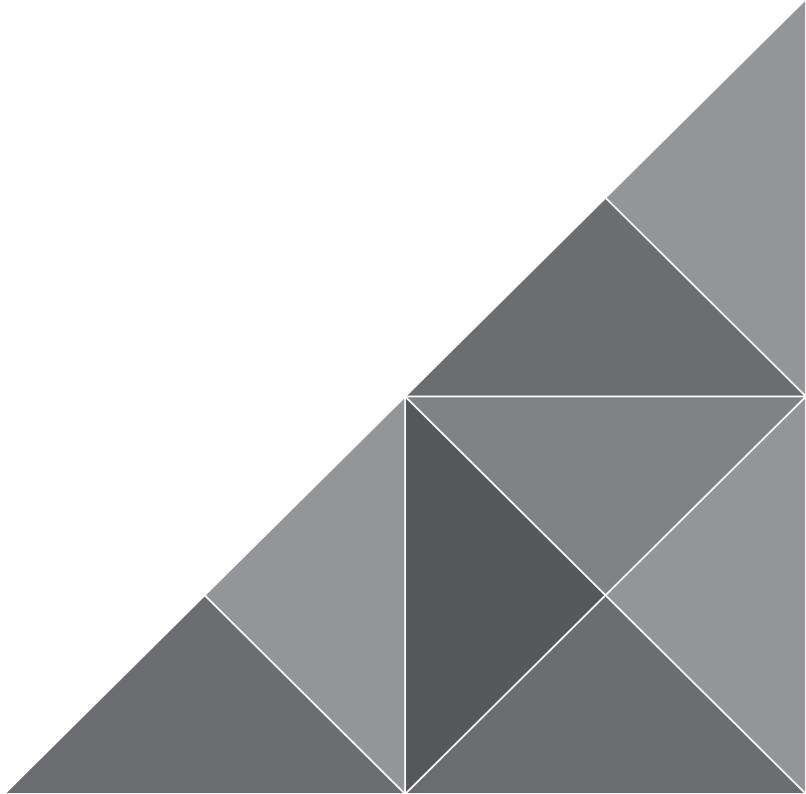
A Lending Clearing Participant must:

- ▶ Be a Depository Participant;
- ▶ Appoint a Responsible Person who is responsible for ensuring that the Lending Clearing Participant complies with the C&S Rules and C&S Procedures; and
- ▶ Ensure that employees who have access to the Clearing and Settlement system are trained appropriately.

What are my obligations to NZC as a Lending Clearing Participant?

A Lending Clearing Participant is required to act in accordance with the C&S Rules and C&S Procedures. This includes, for example:

- ▶ Satisfying its margin obligations (where it is a borrower); and
- ▶ Refraining from any conduct which is likely to harm the reputation or integrity of the Clearing House or constitute unprofessional conduct.



► FEES

ADVISING AND TRADING PARTICIPANT MEMBERSHIP FEES

Application and Accreditation Fees

Becoming an NZX Participant involves an application and accreditation process. The accreditation process is performed by NZX Market Supervision staff at the time of application and before approval has been granted. In addition to the application fee, NZX reserves the right to charge additional accreditation fees at a rate of \$200 per hour if it is considered that the application required a higher level of analysis than normal. Application fees are payable upon lodgement of an application with NZX, regardless of the outcome.

Participants	Onshore Participant	Offshore Participant (USD)
Advising Participant		
Advisor (including Associate Advisors)	\$350	\$350
Advising Firm	\$7,000	\$5,000
Trading Participant		
Bank Only, Principal Book Only, Trading and Advising	\$7,000	\$5,000
NZX Trainer	\$1,000	\$1,250
NZX Dealer	\$1,000	\$1,250
Direct Market Access (per offering firm) ¹	\$7,000	\$5,000

¹ To offer Direct Market Access or DMA, firms must be accredited Trading and Advising Participants for the relevant market for which they will provide DMA services. There is an application fee associated with becoming a DMA provider given requirement to review systems and processes associated with providing DMA.

All Fees are in NZD unless otherwise stated. NZX reserves the right to adjust all fees in this Schedule.

▶ FEES CONTINUED

Initial Admission Fees

Initial Admission Fees are charged by NZX on the successful accreditation of an NZX Participant in each of the categories detailed below.

NZX offers a Founding Partner Programme for Trading and Clearing Participants who join the NZX Derivatives Market within 6 months of the launch of the market. Please contact markets@nzx.com for more information in respect of this programme.

Participants	Onshore Participant	Offshore Participant (USD)
Advising Participant		
Advisor (including Associate Advisors)	\$350	\$350
Advising Firm	\$10,000	\$7,000
Trading Participant		
Bank Only	\$45,000	\$32,000
Principal Book Only	\$45,000	\$32,000
Trading and Advising	\$55,000	\$38,000
NZX Trainer	\$1,000	\$700
NZX Dealer	\$1,000	\$700

¹ Individual and General Clearing Participant initial fee (cash and derivatives) includes the initial fee for becoming a Depository Participant.

All Fees are in NZD unless otherwise stated. NZX reserves the right to adjust all fees in this Schedule.

▶ FEES CONTINUED

Annual Membership Fees

Annual Membership Fees are due on 1 July for the following 12 months and are non-refundable either in whole or in part if the Participant ceases to be an NZX Participant during that period. For newly accredited NZX Participants, the annual fee is billed on a pro-rata basis upon accreditation.

NZX offers a Founding Partner Programme for Trading and Clearing Participants who join the NZX Derivatives Market within 6 months of the launch of the market. Please contact markets@nzx.com for more information in respect of this programme.

Participants	Onshore Participant	Offshore Participant (USD)
Advising Participant		
Advisor (including Associate Advisors)	\$350	\$350
Advising Firm	\$10,000	\$10,000
Trading Participant		
Bank Only	\$45,000	\$32,000
Principal Book Only	\$45,000	\$32,000
Trading and Advising	\$55,000	\$38,000

For details in respect of Transaction Fees and Technology Fees, please visit:

<http://www.nzx.com/nzx-customers/market-participants/>

All Fees are in NZD unless otherwise stated. NZX reserves the right to adjust all fees in this Schedule.

CLEARING PARTICIPANT MEMBERSHIP FEES

Application and Accreditation Fees

Becoming an NZCC Participant involves an application and accreditation process. The accreditation process is performed by NZCC Market Supervision staff at the time of application and before approval has been granted. In addition to the application fee, NZCC reserves the right to charge additional accreditation fees at a rate of \$200 per hour if it is considered that the application has required a higher level of analysis than normal. Application fees are payable upon lodgement of an application with NZCC, regardless of the outcome.

Participants	Onshore Participant	Offshore Participant (USD)
Clearing Participant		
Cash and Derivatives - Individual and General Clearers	\$7,000	\$5,000
Depository Participants		
Depository Participants ¹	\$7,000	\$5,000
Depository Participant - Legal Title Transfer	\$7,000	\$5,000
NZCC Approved Registry	\$7,000	N/A

¹ Individual and General Clearing Participant application fee (cash and derivatives) includes the application fee for becoming a Depository Participant.

All Fees are in NZD unless otherwise stated. NZCC reserves the right to adjust all fees in this Schedule.

▶ FEES CONTINUED

Initial Admission Fees

Initial Admission Fees are invoiced by NZCC on the successful accreditation of an NZCC Participant in each of the categories detailed below.

NZCC offers a Founding Partner Programme for clearing participants who join the Derivatives Market within 6 months of the launch of the market. Please contact markets@nzx.com for more information in respect of this programme.

Participants	Onshore Participant	Offshore Participant (USD)
Derivatives Clearing Participant		
Individual Clearer	\$50,000	\$35,000
General Clearer	\$65,000	\$45,500
Depository Participants		
Depository Participants ¹	\$6,250	\$4,375
Depository Participant - Legal Title Transfer	\$15,000	\$10,500
NZCC Approved Registry	\$25,000	\$17,500

¹ Individual and General Clearing Participant initial fee (cash and derivatives) includes the initial fee for becoming a Depository Participant.

All Fees are in NZD unless otherwise stated. NZCC reserves the right to adjust all fees in this Schedule.

▶ FEES CONTINUED

Annual Membership Fees

Annual Membership Fees are due on 1 July for the following 12 months and are non-refundable either in whole or in part if the Participant ceases to be an NZCC Participant during that period. For newly accredited NZCC Participants, the annual fee is billed on a pro-rata basis upon accreditation.

NZCC offers a Founding Partner Programme for clearing participants who join the Derivatives Market within 6 months of the launch of the market. Please contact markets@nzx.com for more information in respect of this programme.

Participants	Onshore Participant	Offshore Participant (USD)
Derivatives Clearing Participant		
Individual Clearer	\$50,000	\$35,000
General Clearer	\$65,000	\$45,500
Depository Participants		
Depository Participants ¹	\$6,250	\$4,375
Additional depository sign on	\$250 per annum (For each additional sign-on, beyond two free sign-ons)	\$175 per annum (For each additional sign-on, beyond two free sign-ons)
Depository Participant - Legal Title Transfer	\$20,000	\$14,000
NZCC Approved registry	\$25,500	\$17,850

For details in respect of Transaction Fees and Technology Fees, please visit:

<http://www.nzx.com/nzx-customers/market-participants/>

¹ Individual and General Clearing Participant annual fee (cash and derivatives) includes the annual fee for becoming a Depository Participant.

All Fees are in NZD unless otherwise stated. NZCC reserves the right to adjust all fees in this Schedule.

