

FMI STANDARD 10: PHYSICAL DELIVERIES

FS10



DOCUMENT VERSION HISTORY

1 March 2024	First issue date
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INTRODUCTION

Application

- i. This standard applies to every operator of a designated FMI that was specified in its designation notice under section 29(2)(f) of the Financial Market Infrastructures Act 2021 (the **Act**) as falling within one or more of the following classes of designated FMIs:
 - (a) a securities settlement system; or
 - (b) a central securities depository; or
 - (c) a central counterparty.

Legal powers

- ii. Under section 8 of the Act the regulator is defined as the RBNZ and the FMA acting jointly.
- iii. Section 12 of the Act provides the regulator's functions. These include regulating designated FMIs, dealing with designated FMIs that are distressed, and other functions under the Act.
- iv. Subject to certain statutory prerequisites, section 31 of the Act empowers the regulator to make standards for designated FMIs.
- v. Section 34 sets out the matters that standards may deal with or otherwise relate to. Section 34(1)(e)(i), (ii) and (v) provides that the regulator may make standards that deal with, or otherwise relate to, general business risk, operational risk and custody risk.

Interpretation

- vi. Words and phrases used in this standard have the same meaning as in the Act.

Commencement

- vii. This standard comes into force on 1 March 2024.

REQUIREMENTS

- 1) An operator must clearly state its, and the FMI's, obligations under the FMI's rules, policies, and procedures with respect to the delivery of physical instruments or commodities for settlement.
- 2) An operator must identify, monitor, and manage the risks associated with the delivery of physical instruments or commodities for settlement.

(See Guidance for Standard 10: 'Physical Deliveries', in Guidance for the FMI Standards for more detail).