

Financial Markets Conduct (NZX NZ Markets Disciplinary Tribunal Rules) Approval of Rule Change Notice 2022

Pursuant to section 332(1) of the Financial Markets Conduct Act 2013, the Financial Markets Authority gives the following Notice.

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Notice

1 Title

This notice is the Financial Markets Conduct (NZX NZ Markets Disciplinary Tribunal Rules) Approval of Rule Change Notice 2022.

2 Commencement

This notice comes into force on 9 September 2022.

3 Interpretation

(1) In this notice, unless the context otherwise requires, —

Act means the Financial Markets Conduct Act 2013

NZX means NZX Limited

(2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

4 Approval of market rules

(1) Pursuant to section 331 of the Act, the Financial Markets Authority approves amendments to the NZ Markets Disciplinary Tribunal Rules provided by NZX to the FMA for approval on 22 June 2022, as amended on 5 September 2022.

Dated at Auckland this 8th day of September 2022.



Paul Gregory
Acting Director of Capital Markets
Financial Markets Authority

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice approves amendments to the NZ Markets Disciplinary Tribunal Rules. The amendments relate to three key areas:

- Changes to the membership and composition of the NZ Markets Disciplinary Tribunal (**Tribunal**) which are intended to streamline the membership and composition. These include:
 - consolidating the membership eligibility categories to remove the current Derivatives Participant Appointee and Clearing Participant Appointee categories with these being captured under Market Participant Appointee members;
 - consolidating the Public Appointee category under Market Participant Appointee members category;
 - broadening the eligibility criteria for the Issuer and Market Participant Appointee categories;
 - removing the public nominations process for candidates for Tribunal membership, due to the infrequent use of this process;
 - change requirements relating to the tenure and number of Tribunal members to enable more efficient rotation of Tribunal members, and better retention of Tribunal members' institutional knowledge.
- Changes to the appeals process which are designed to clarify the scope of the appeal, hearing and evidence provisions of the Rules;
- Changes to penalty assessment framework to include:
 - a 'two-step' approach to the determination of penalties; and
 - changes to the penalty band structure to introduce over-lapping and cascading penalty bands.

The amended rules will become effective on a date as determined by the NZX in accordance with the NZ Markets Disciplinary Rules.