



## Reserve Bank of New Zealand (Designated Settlement System—NZCDC) Amendment Order 2017

Rt Hon Dame Sian Elias, Administrator of the Government

### Order in Council

At Wellington this 6th day of June 2017

Present:

Her Excellency the Administrator of the Government in Council

This order is made under section 156ZD of the Reserve Bank of New Zealand Act 1989—

- (a) on the advice and with the consent of the Executive Council; and
- (b) on the advice of the Minister of Finance and the Minister of Commerce and Consumer Affairs given in accordance with a joint recommendation of the Reserve Bank of New Zealand and the Financial Markets Authority.

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### Schedule

#### Amendments to Schedule

## Order

### 1 Title

This order is the Reserve Bank of New Zealand (Designated Settlement System—NZCDC) Amendment Order 2017.

### 2 Commencement

This order comes into force on 7 July 2017.

### 3 Principal order

This order amends the Reserve Bank of New Zealand (Designated Settlement System—NZCDC) Order 2010 (the **principal order**).

### 4 Clause 3 amended (Interpretation)

- (1) In clause 3, replace the definition of **NZCDC settlement system** with:

**NZCDC settlement system** means the settlement system owned by, and operated and managed by or on behalf of, the NZX Limited Group and includes—

- (a) a system for the transfer of legal title to financial products, including by electronic means; and
- (b) the operation of the central counterparty clearing house by NZ Clearing; and
- (c) the operation of the central product depository by NZ Depository; and
- (d) the performance of the custodian trustee role by NZD Nominee; and
- (e) the performance of a governance role by NZCDC; and
- (f) the performance of an oversight role, and the provision of technology infrastructure and services, by NZX Limited

- (2) In clause 3, insert in its appropriate alphabetical order:

**NZX Limited Group** means NZX Limited, NZ Clearing, NZ Depository, NZD Nominee, and NZCDC

### 5 Schedule amended

Amend the Schedule as set out in the Schedule of this order.

## Schedule Amendments to Schedule

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### Clause 1

Replace clause 1(d)(ii) with:

- (ii) the ownership of the shares of a system operator other than NZX Limited; and

**Clause 1**—*continued*

Revoke clause 1(e)(iii).

Replace clause 1(e)(v) with:

- (v) to an existing delegation or assignment of material powers, discretions, rights, and obligations—
  - (A) of a system operator other than NZX Limited; or
  - (B) of NZX Limited, if that delegation or assignment may affect the NZCDC settlement system; or

Replace clause 1(e)(vii) with:

- (vii) of directors of a system operator; or
- (viii) of senior managers of a system operator other than NZX Limited; or
- (ix) of senior managers of NZX Limited who have responsibilities—
  - (A) related to NZX Limited’s oversight role in respect of the NZCDC settlement system; or
  - (B) for the provision of technology infrastructure and services to the NZCDC settlement system; or
- (x) of senior managers of NZX Limited seconded to NZCDC, NZ Clearing, and NZ Depository; or
- (xi) of the external independent member of the Conflicts Committee of the NZX Limited board; or
- (xii) to a specified governance document, if that change relates to or may impact the NZCDC settlement system; and

In clause 1(f), after “obligations” insert “that may affect the NZCDC settlement system”.

In clause 1(g), delete “(including NZX Limited and its subsidiaries)”.

Replace clause 1(i)(iii)(A) with:

- (A) the consolidated financial statements of NZCDC and the financial resources of the NZCDC settlement system over the reporting period and the extent to which financial resources have been maintained in accordance with the financial resources policy; and

**Clause 2**

In clause 2, definition of **financial resources policy**, paragraph (a)(iii), replace “; and” with “; or”.

In clause 2, definition of **financial resources policy**, after paragraph (a)(iii), insert:

- (iv) the manner in which the capital referred to in subparagraph (i) is funded; and

**Clause 2—continued**

In clause 2, definition of **financial resources policy**, replace paragraph (b)(iv) with:

- (iv) any bank financing agreements under which NZX Limited provides financial accommodation to NZCDC

In clause 2, replace the definition of **required standards** with:

**required standards** means the *Principles for financial market infrastructures* published by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions, or any standards that replace those principles

In clause 2, definition of **specified agreements**, paragraph (e), after “and NZ Depository”, insert “; and”.

In clause 2, definition of **specified agreements**, after paragraph (e), insert:

- (f) any agreement that amends or replaces any of those agreements

In clause 2, insert in its appropriate alphabetical order:

**specified governance document** means any of the following:

- (a) the NZX board charter:
- (b) the New Zealand Clearing and Depository Corporation Limited board charter:
- (c) the NZX Audit and Risk Committee terms of reference:
- (d) the NZX Clearing Committee terms of reference:
- (e) the NZX Human Resources and Remuneration Committee terms of reference:
- (f) the NZX Participants User Group terms of reference:
- (g) the NZX Regulatory Governance Committee terms of reference:
- (h) the NZX Conflicts Committee terms of reference:
- (i) the NZX conflict management policy:
- (j) the NZX Credit Committee terms of reference:
- (k) the NZCDC delegated authority policy:
- (l) the NZCDC governance policy

In clause 2, definition of **system operator**, after paragraph (d), insert:

- (e) NZX Limited.

Michael Webster,  
Clerk of the Executive Council.

## Explanatory note

*This note is not part of the order, but is intended to indicate its general effect.*

This order, which comes into force on 7 July 2017, amends the Reserve Bank of New Zealand (Designated Settlement System—NZCDC) Order 2010 (the **principal order**). The principal order designates the NZCDC settlement system (the **settlement system**) as a designated settlement system under Part 5C of the Reserve Bank of New Zealand Act 1989. The amendments made by this order reflect changes to the governance arrangements of the settlement system that are designed to give NZX Limited (NZCDC's parent company) more direct responsibility for the system. The amendments include—

- naming NZX Limited as an operator of the settlement system:
- requiring the NZCDC contact person to notify the joint regulators a reasonable time in advance of changes to certain governance arrangements:
- requiring NZCDC to publish information about observance of international standards (*Principles for financial market infrastructures*) that have been introduced since the principal order was first made.

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*: 8 June 2017.

This order is administered by the Reserve Bank of New Zealand.