

RULES OF THE NEW ZEALAND GAS EXCHANGE

CONTENTS

RULE	PAGE
PART 1 – GENERAL PROVISIONS	
1. COMMENCEMENT OF RULES	4
2. BACKGROUND AND PURPOSE	4
3. DEFINITIONS AND INTERPRETATION	4
4. PARTIAL INVALIDITY	9
5. TRADING SYSTEM	10
6. ONLY PARTICIPANTS MAY TRADE	10
7. APPLICATION FOR ADMISSION	10
8. CONSIDERATION OF APPLICATION	11
9. DECISION ON APPLICATION	11
10. REGISTER OF PARTICIPANTS	13
11. TRADING SYSTEM STANDARD OF CONDUCT	13
12. TRADING SYSTEM OPERATOR TO MONITOR PARTICIPATION	14
13. ELECTION TO TERMINATE PARTICIPATION	14
14. SUSPENSION BY INDUSTRY BODY	15
15. TERMINATION BY INDUSTRY BODY	17
16. APPLICATION OF RULES TO SUSPENDED AND FORMER PARTICIPANTS	18
17. USE OF WHITE LISTS	19
18. NOTIFICATION OF WHITE LIST	19
19. ADDING PARTICIPANTS TO WHITE LIST	19
20. DELETING PARTICIPANTS FROM WHITE LIST	20
21. PRODUCTS	20
22. SUBMITTING AN OFFER	20
23. OFFER LIST	21
24. WITHDRAWAL OF OFFERS	22
25. VALIDITY OF OFFERS	22
26. ACCEPTANCE NOTICE	23
27. CONFIRMATION OF ACCEPTANCES	23
28. FORMATION OF CONTRACT	24
29. NOTIFICATION AND PUBLICATION OF CONTRACT DETAILS	25
30. SUSPENSION OF TRADING	26
31. WELDED POINTS	27
32. HUB OPERATIONS	27
33. NOTIFICATION OF NET TQ	28
34. NOTIFICATION OF CHANGES IN GAS QUANTITIES	28
35. BALANCING THE HUB	29
36. TRADING SYSTEM OPERATOR	30
37. HUB OPERATOR	30
38. APPOINTMENT OF OTHER SERVICE PROVIDERS	30
39. TRADING HOURS	31
40. PUBLICATION OF TRADING PROTOCOLS	31
41. DEVELOPMENT OF STANDARD TRADING TERMS	31
42. AMENDMENT OF STANDARD TRADING TERMS	31
43. REGISTER OF STANDARD TRADING TERMS	32
44. APPLICATION OF STANDARD TRADING TERMS	32
45. TERMINATION OF TRADING SYSTEM	33
46. DISPUTE RESOLUTION	34
47. AMENDMENT OF RULES	34
48. CONFIDENTIALITY	35
49. LIABILITY	35

50. NOTICES	36
51. TRADING FEES	37

SCHEDULES

SCHEDULE 1 FORM OF PARTICIPANT UNDERTAKING
SCHEDULE 2 PARTICIPANT VARIANCE AGREEMENT

Part 1

General Provisions

1. COMMENCEMENT OF RULES

- 1.1** The Rules in Parts 1, 2, 5 and 6 will apply on and from the Commencement Date.
- 1.2** The Rules in Part 3 and 4 will apply on and from the Go-Live Date.

2. BACKGROUND AND PURPOSE

- 2.1** The Industry Body wishes to establish a trading platform available for use by participants in the New Zealand Gas industry to facilitate transactionally efficient arrangements for the short term trading of Gas.
- 2.2** The trading platform will be called the New Zealand Gas Exchange.
- 2.3** These Rules set out the Rules that apply to persons who wish to trade Gas through the New Zealand Gas Exchange.

3. DEFINITIONS AND INTERPRETATION

- 3.1** In these Rules, unless the context indicates otherwise:

Acceptance Notice means a notice given by a Participant under Rule 26.1 that it wants to accept an Offer;

Accepting Participant means a Participant that has given an Acceptance Notice in accordance with Rule 26.1;

Act means the Gas Act 1992;

Applicant means a person who applies to be a Participant in accordance with the process set out in Rule 7;

Application means an application for admission as a Participant in accordance with the process set out in Rule 7;

Business Day means any day of the week except:

- (a) Saturday and Sunday; and
- (b) any day on which Good Friday, Easter Monday, ANZAC Day, the Sovereign's Birthday, Labour Day, Christmas Day, Boxing Day, New Year's Day, the day after New Year's Day, and Waitangi Day are observed for statutory holiday purposes; and

- (c) public holidays on which registered banks in Auckland or Wellington are not open for business; and
- (d) any other day that the Industry Body may prescribe not to be a Business Day as Published by the Industry Body;

Changed Provisional Cycle has the meaning set out in MPOC;

Check Notice means a notice given by the Trading System Operator in accordance with Rule 22.5;

Commencement Date means the date that is Published by the Industry Body as being the Commencement Date for the purposes of these Rules;

Confirmation Notice means a notice given to an Accepting Participant that its Acceptance Notice has been confirmed;

Contract means a contract formed between an Offeror and Accepting Participant in accordance with Rule 28.1;

Contract Notice means a notice given in accordance with Rule 28.1(b);

Delivery Point has the meaning set out in MPOC;

Former Participant means a Participant whose participation in the Trading System has been terminated and who becomes a Former Participant by virtue of Rule 13.4 or Rule 15.6;

Gas has the meaning set out in MPOC;

Go-Live Date means the date that is Published by the Industry Body as being the Go-Live Date for the purposes of these Rules, being the date on which trading under the Trading System may commence;

Hub means the pair of Notional Welded Points (as defined in MPOC) (TH Delivery Point and TH Receipt Point), the location of which is determined by the Industry Body from time to time;

Hub Operator means the Industry Body or a person appointed as the Hub Operator by the Industry Body in accordance with Rule 37.1;

Industry Body:

- (a) means the industry body approved by the Governor General by Order in Council under section 43ZL of the Act (which, as at the Commencement Date, is Gas Industry Company Limited); or
- (b) if the industry body is revoked under section 43ZM of the Act and Part 4A subpart 3 of the Act comes into force, means the Energy Commission established under section 43ZZH of the Act;

Industry Body Levy means the wholesale portion of the levy payable under the Gas (Levy of Industry Participants) Regulations 2009 and any regulations that replace them;

Maui Pipeline has the meaning set out in MPOC;

MDL IX has the meaning set out in MPOC;

MPOC means the code issued by the owners of the Maui Pipeline covering operation of that pipeline, as amended from time to time;

Net TQ has the meaning set out in clause 3 of the Participant Variance Agreement;

Offer means an offer to sell or buy Gas through the Trading System submitted to the Trading System Operator in accordance with Rule 22;

Offer List means the list of Offers maintained by the Trading System Operator under Rule 23.1 and Published by the Trading System Operator under Rule 23.2;

Offer to Buy means an Offer to buy Gas;

Offer to Sell means an Offer to sell Gas;

Offeror means a participant that has submitted an Offer to Buy or Offer to Sell;

Open Access Transmission Information System or OATIS means the online mechanism used to implement the MDL IX by which parties with interconnection agreements and transmission agreements can manage certain information requirements (or any replacement or improved mechanism);

Participant means a person whose application for participation has been accepted in accordance with Rule 9 and who is neither a Suspended Participant nor a Former Participant;

Participant Undertaking means an undertaking in the form set out in Schedule 1;

Participant Variance has the meaning set out in clause 1.1 of the Participant Variance Agreement;

Participant Variance Agreement means an agreement in the form set out in Schedule 2 as may be amended in accordance with the terms of that agreement;

Pipeline Owner has the meaning set out in MPOC;

Product Identifier means the unique identifier assigned to each of the Products Published by the Trading System Operator from time to time in accordance with Rule 21;

Products means the Products Published by the Trading System Operator in accordance with Rule 21;

Provisional Nomination has the meaning set out in MPOC;

Publish means

- (a) in respect of information to be published by the Industry Body, to make such information available in such manner as may be determined by the Industry Body from time to time; and

- (b) in respect of information to be published by the Trading System Operator or the Trading System, to make such information available to Participants on the Trading System;

Receipt Point has the meaning set out in MPOC;

Register of Participants means the register of Participants maintained by the Trading System Operator under Rule 10;

Rejection Notice means a notice given by the Trading System Operator to an Accepting Participant that its acceptance of an Offer has been rejected;

Rules means these "Rules of the New Zealand Gas Exchange" and includes any schedule to, or amendment of, these Rules;

Standard Trading Terms means the standard terms for the sale and purchase of Gas that will apply to Contracts formed through the Trading System;

Suspended Participant means a Participant that has been suspended from participation in the Trading System under Rule 14.1;

Suspension Notice means a notice to a Participant from the Industry Body under Rule 14.1 that the Participant is suspended from participating in the Trading System;

TH Delivery Point means the Delivery Point to which a Participant nominates Gas that it is selling through the Trading System;

TH Receipt Point means the Receipt Point from which a Participant nominates Gas that it is purchasing through the Trading System;

Trading Closing means the time at which trading will cease on a Trading Day as determined under Rule 39.1;

Trading Day means a day on which trading may occur on the Trading System as determined under Rule 39.1;

Trading Hours means the hours between Trading Opening and Trading Closing on a Trading Day;

Trading Opening means the time at which trading will commence on a Trading Day as determined under Rule 39.1;

Trading System means the system or systems designated by the Industry Body to be used for the trading of Gas in accordance with these Rules;

Trading System Operator means the person appointed from time to time in accordance with Rule 36.1 to be the Trading System Operator;

Transmission Day has the meaning set out in MPOC;

Transmission Services Agreement has the meaning set out in MPOC;

Termination Notice means a notice to a Participant from the Industry Body under Rule 15.1 that the Participant's participation in the Trading System is terminated;

Valid for Acceptance has the meaning set out in Rule 25.2;

Warning Notice means a notice given by the Industry Body under either Rule 14.2 or Rule 15.3;

Welded Party has the meaning set out in the MPOC;

Welded Point has the meaning set out in MPOC and includes each of the Welded Points comprising the Hub;

White List means in accordance with Rules 17 to 20:

- (a) a list of other Participants to which a Participant is prepared to sell Gas through the Trading System; and
- (b) a list of other Participants from which a Participant is prepared to purchase Gas through the Trading System.

(a) and (b) may form a combined list or may be separate lists, and if (a) and (b) are separate lists, a reference to a White List is a reference to both or one or the other (as applicable); and

Withdrawal Notice means a notice issued in accordance with Rule 24.

3.2 In these Rules, unless the context indicates otherwise:

- (a) Rule and other headings are for ease of reference only and will not affect interpretation of the Rules;
- (b) references to any person include that party's executors, administrators, successors and permitted assigns;
- (c) references to a person include an individual, company, corporation, partnership, firm, joint venture, association, trust, unincorporated body of persons, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal identity;
- (d) references to the singular include the plural and vice versa;
- (e) references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision that amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
- (f) any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- (g) the term "includes" or "including" (or any similar expression) is deemed to be followed by the words "without limitation"; and
- (h) references to any document (however described) are references to that document as modified, novated, supplemented, varied or replaced from time to time and in any form, whether on paper or in an electronic form.

- 3.3** Unless the context indicates otherwise, any references to terms defined in the Standard Trading Terms shall have the same meaning as they are defined in the Standard Trading Terms.
- 3.4** Where the Rules require the Trading System to comply with a Rule, this is to be regarded as an obligation on the Trading System Operator.
- 3.5** These Rules are governed by the laws of New Zealand.

4. PARTIAL INVALIDITY

- 4.1** If any provision of these Rules, or their application to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of these Rules, or the application of such to any person or circumstance will not be affected, and each provision of these Rules will be valid and enforceable to the extent permitted by law.

Part 2

Establishment of New Zealand Gas Exchange

Trading System

5. TRADING SYSTEM

- 5.1** The Industry Body will from time to time designate a system or systems to be the Trading System that will provide for the trading of Gas in accordance with these Rules.
- 5.2** These Rules apply only to Gas traded, and Contracts formed, on the Trading System.

Participants

6. ONLY PARTICIPANTS MAY TRADE

- 6.1** Only Participants accepted for admission in accordance with Rules 7, 8 and 9 may trade Gas through the Trading System.
- 6.2** All Participants who are accepted for admission and enter into a Participant Undertaking must comply at all times with these Rules.

Admission

7. APPLICATION FOR ADMISSION

- 7.1** Persons who wish to trade Gas through the Trading System must apply to the Industry Body for acceptance to be admitted as a Participant using the Application form Published by the Industry Body from time to time.
- 7.2** The Application must contain:
- (a)** the legal name of the Applicant;
 - (b)** the names and qualifications of:
 - (i)** if the Applicant is a company, the directors of the Applicant and any other persons who are in control of the Applicant;
 - (ii)** if the Applicant is not a company, the persons who are in control of the Applicant;
 - (iii)** the persons who will be responsible for managing the Applicant's trading of Gas through the Trading System if the Applicant becomes a Participant;

- (c) sufficient information to enable the Industry Body to determine whether the Applicant meets the criteria set out in Rule 9.2;
- (d) a statement confirming that the Applicant has entered into the agreements specified at Rule 32.2;
- (e) a statement as to how the Applicant is satisfying the prudential requirements set out in clause 16 of the Participant Variance Agreement;
- (f) contact details for the person that the Industry Body should correspond with regarding the Application;
- (g) the details of the address nominated for the Applicant; and

any other information required by the Industry Body in the Application form.

- 7.3** An Application must be accompanied by a Participant Undertaking that has been duly executed by the Applicant.

8. CONSIDERATION OF APPLICATION

- 8.1** The Industry Body will consider any Application, provided that such Application:
- (a) meets the requirements prescribed by the Industry Body pursuant to Rule 7.2; and
 - (b) is accompanied by a duly executed Participant Undertaking as required by Rule 7.3.
- 8.2** As soon as reasonably practicable after receipt of any Application, the Industry Body will notify the Applicant of the date on which the application was received.
- 8.3** If the Industry Body determines that it requires further information from an Applicant, the Industry Body will request that information from the Applicant in writing within 5 Business Days of the date notified under Rule 8.2.
- 8.4** The Industry Body may discontinue its consideration of an Application if the information requested under Rule 8.3 is not provided within 15 Business Days of the request being made.

9. DECISION ON APPLICATION

- 9.1** The Industry Body will decide whether to approve or decline an Application within 10 Business Days of the date of notification of receipt of the Application, or the date on which any further information was provided pursuant to Rule 8.2, whichever is the later.
- 9.2** The Industry Body shall accept an Application when:
- (a) the Industry Body is satisfied that:
 - (i) the Applicant is reasonably likely to meet all of the requirements of the Rules and the Participant Variance

Agreement (including, without limitation, the prudential requirements set out in clause 16 of the Participant Variance Agreement);

;

- (ii) the persons in control of the Applicant, and the persons who will be responsible for managing the Applicant's trading of Gas through the Trading System if the Applicant becomes a Participant, will carry out their responsibilities under the Rules honestly and diligently; and

- (b) the Application meets any other minimum criteria for acceptance as provided for in Rule 32.3 and as may be Published from time to time by the Industry Body.

9.3 The Industry Body will advise the Applicant in writing of its decision.

9.4 If the Industry Body declines the Application it shall give the Applicant its reasons for declining the Application and the decision in respect of the Application shall be final and binding on the Applicant.

9.5 If the Industry Body accepts the Application:

- (a) the Industry Body will specify in its written advice to the Applicant the date from which the Applicant's admission as a Participant will take effect, which will be as soon as reasonably practicable and not less than 5 Business Days after the date such advice is given to the Applicant;
- (b) the Industry Body will advise the Trading System Operator of the effective date for the Applicant's admission;
- (c) the Applicant will, subject to compliance with Rule 32, become a Participant on and from the date specified by the Industry Body under Rule 9.5(a); and
- (d) the Trading System Operator will Publish a notice advising Participants of the admission of the Applicant as a Participant and the effective date of such admission.

9.6 As soon as practicable after a Participant's admission takes effect in accordance with this Rule and Rule 32, the Industry Body must:

- (a) request the Pipeline Owner to register the TH Receipt Point and the TH Delivery Point on the MDL IX as included in that Participant's Transmission Services Agreement; and
- (b) notify the Pipeline Owner that the Applicant may make nominations to and from the Hub.

9.7 For the avoidance of doubt, where the Industry Body declines the Application, the Applicant may re-apply to be admitted as a Participant by submitting an Application that addresses the reasons given under Rule 9.4 for the Application being declined.

Register of Participants

10. REGISTER OF PARTICIPANTS

- 10.1** The Trading System Operator must maintain a Register of Participants.
- 10.2** The Register of Participants must record:
- (a)** the names and nominated addresses of all Participants, and the dates on which they became Participants;
 - (b)** the names and nominated addresses of all Suspended Participants, the date on which their suspension took effect and the period of their suspension; and
 - (c)** the names of all Former Participants, the date on which they became Participants and the date on which their participation terminated.
- 10.3** The Industry Body must Publish the Register of Participants.
- 10.4** A Participant must notify the Trading System Operator if any of the details recorded for that Participant in the Register of Participants are incorrect.

Trading System Conduct

11. TRADING SYSTEM STANDARD OF CONDUCT

- 11.1** Each Participant must at all times in the reasonable opinion of the Industry Body:
- (a)** observe proper ethical standards and act with honesty, integrity, fairness, due diligence and care in relation to its participation in the Trading System;
 - (b)** refrain from any action, conduct, matter or thing that is, or is reasonably likely to:
 - (i)** be detrimental to the proper conduct of the Trading System; or
 - (ii)** discredit or generally bring the Trading System into disrepute;
 - (c)** comply fully with the Rules and its Participant Variance Agreement;
 - (d)** deal with the Industry Body, any Hub Operator and the Trading System Operator in an open, honest and co-operative manner;
 - (e)** keep the Trading System Operator promptly informed of anything that a reasonable person may be reasonably expected to disclose to the Trading System Operator as the administrator of the Trading System; and
 - (f)** keep the Industry Body promptly informed of any material changes to:
 - (i)** the Participant's agreements specified at Rule 32.2; and

- (ii) the manner in which the Participant is satisfying the prudential requirements set out in clause 16 of the Participant Variance Agreement.

11.2 Without limiting Rule 11.1, each Participant must ensure that:

- (a) every Offer and Acceptance Notice issued by that Participant reflects a genuine intention to trade the Gas that is the subject of the Offer or Acceptance Notice; and
- (b) no Offer or Acceptance Notice issued by that Participant will, or is likely to, have the effect of creating a false or misleading appearance of:
 - (i) any active trading of Gas; or
 - (ii) the price or other terms on which Gas is traded.

12. TRADING SYSTEM OPERATOR TO MONITOR PARTICIPATION

12.1 The Trading System Operator will monitor and report to the Industry Body monthly, in a form agreed with the Industry Body, on:

- (a) the level of trading undertaken through the Trading System;
- (b) any perceived issues or shortcomings with these Rules; and
- (c) any suspected breach or breaches of any of the Rules by Participants.

12.2 If the Trading System Operator considers there is any issue or shortcoming with the Rules or with the conduct of one or more Participants that merits urgent attention, the Trading System Operator will advise the Industry Body without delay.

Suspension and Termination

13. ELECTION TO TERMINATE PARTICIPATION

13.1 A Participant may elect to terminate its participation in the Trading System.

13.2 If a Participant wishes to terminate its participation in the Trading System it must notify:

- (a) the Trading System Operator of its intention to terminate its participation in the Trading System and the date on which such termination will take effect, which must be at least 10 Business Days after the date on which the notice is provided to the Trading System Operator; and
- (b) the Industry Body of its reasons for its intention to terminate its participation in the Trading System.

13.3 As soon as practicable after receipt of any notice under Rule 13.2(a), the Trading System Operator will Publish a copy of the notice.

- 13.4** With effect from the date specified in the notice given under Rule 13.2(a):
- (a)** the relevant Participant will cease to be a Participant and will become a Former Participant; and
 - (b)** the Trading System Operator will remove all of the Former Participant's Offers from the Offer List.

14. SUSPENSION BY INDUSTRY BODY

- 14.1** If the Industry Body determines at any time that a Participant:
- (a)** has failed, or is failing, to meet the standard of conduct requirements specified in Rule 11; or
 - (b)** no longer fulfils the minimum criteria for admission to the Trading System, such that if the Participant were to re-apply for admission under Rule 7, its Application would be declined; or
 - (c)** has breached the terms of its Participant Undertaking; or
 - (d)** has breached the terms of its Participant Variance Agreement; or
 - (e)** has committed a material breach of any Contract, and the Industry Body considers the Participant has failed to satisfactorily remedy that breach; or
 - (f)** is not party to a valid and subsisting Participant Variance Agreement and a valid and subsisting Transmission Services Agreement;

the Industry Body may, by notice to the Participant and the Trading System Operator, suspend the Participant's right to participate in the Trading System.

- 14.2** Unless the Industry Body determines that the circumstances giving rise to its determination to suspend the Participant are such that suspension should take effect without delay, the Industry Body will, prior to giving a Suspension Notice, give the Participant a Warning Notice specifying:
- (a)** that the Industry Body has determined that a Suspension Notice may be warranted;
 - (b)** the matters that have caused the Industry Body to determine that a Suspension Notice may be warranted; and
 - (c)** that, unless the Participant satisfies the Industry Body within 5 Business Days of the date of the Warning Notice that a Suspension Notice is not warranted, a Suspension Notice will be issued.
- 14.3** The Industry Body will consider any reasons given by a Participant in accordance with Rule 14.2(c) as to why a Suspension Notice is not warranted before it makes a final determination as to whether or not it will issue a Suspension Notice.

- 14.4** If a Suspension Notice is issued to a Participant, then on and from the date of the Suspension Notice, or such later date as may be specified in the Suspension Notice, the Participant will become a Suspended Participant.
- 14.5** A Suspension Notice will specify:
- (a)** the reasons for the suspension; and
 - (b)** the period of suspension, which may be:
 - (i)** a set period, as determined by the Industry Body; or
 - (ii)** an indefinite period.
- 14.6** If the Suspension Notice specifies a set period of suspension, on conclusion of such period, the Participant will cease to be a Suspended Participant and may resume participation in the Trading System.
- 14.7** If the Suspension Period specifies an indefinite period of suspension, the suspension will continue until such time as the Industry Body issues a notice to the Participant and the Trading System Operator cancelling the suspension.
- 14.8** The Industry Body will only issue a notice cancelling a suspension if it determines that the Participant has provided evidence satisfactory to the Industry Body that:
- (a)** the Participant has addressed the matters specified in the Suspension Notice that gave rise to its suspension; and
 - (b)** there are no other matters that cause the Industry Body to consider that continued suspension is warranted.
- 14.9** If the Industry Body gives notice cancelling a suspension, with effect from the date of the notice or from such later date as may be specified in the notice, the Participant will cease to be a Suspended Participant and may resume participation in the Trading System as a Participant.
- 14.10** The Industry Body, at the same time as it issues them:
- (a)** will provide to the Trading System Operator, a copy of any notices and
 - (b)** may Publish a copy of any notices,
- issued in accordance with this Rule 14.
- 14.11** As soon as practicable after receipt of a Suspension Notice under Rule 14.10, the Trading System Operator will:
- (a)** remove all of the Suspended Participant's Offers from the Offer List with effect from the date of suspension; and
 - (b)** Publish a copy of the Suspension Notice.

15. TERMINATION BY INDUSTRY BODY

15.1 If the Industry Body determines that:

- (a)** circumstances exist that give rise to a right for the Industry Body to issue a Suspension Notice in respect of a Participant and, taking into account the seriousness of such circumstances or the Participant's previous history of suspensions, suspension of the Participant is not considered to be a sufficient response; or
- (b)** any existing suspension of a Participant for an indefinite period has continued for such a time period as to mean that termination of that Participant's participation in the Trading System is warranted,

the Industry Body may, by notice to the Participant, terminate the Participant's right to participate in the Trading System.

15.2 A Termination Notice may be issued while a Suspension Notice is in force.

15.3 Unless the Industry Body determines that the circumstances giving rise to the intention to terminate the Participant's participation are such that termination must be effected without delay, the Industry Body will, prior to giving a Termination Notice, give the Participant a Warning Notice specifying:

- (a)** that the Industry Body has determined that a Termination Notice may be warranted;
- (b)** the matters that have caused the Industry Body to determine that a Termination Notice may be warranted; and
- (c)** that, unless the Participant satisfies the Industry Body within 5 Business Days of the Warning Notice that a Termination Notice is not warranted, a Termination Notice will be issued.

15.4 The Industry Body will consider any reasons given by the Participant in accordance with Rule 15.3(c) as to why a Termination Notice is not warranted before it makes a final determination as to whether or not it will issue a Termination Notice.

15.5 If the Industry Body determines not to issue a Termination Notice, the Industry Body may instead, if it considers such a step to be warranted, issue a Suspension Notice without the need for compliance with Rule 14.2.

15.6 If a Termination Notice is issued to a Participant, then on and from the date of the Termination Notice, or such later date as may be specified in the Termination Notice, the Participant will become a Former Participant.

15.7 A Termination Notice will:

- (a)** set out the reasons for the termination; and
- (b)** specify the date on which the Participant's participation is terminated.

15.8 The Industry Body, at the same time as it issues them:

- (a) will provide to the Trading System Operator; a copy of any notices and
 - (b) may Publish a copy of any notices,
- issued in accordance with this Rule 15.

15.9 As soon as practicable after receipt of any notice under Rule 15.8, the Trading System Operator will:

- (a) remove all of the Former Participant's Offers from the Offer List with effect from the date of termination; and
- (b) Publish a copy of the notice.

15.10 In respect of Former Participants, the Industry Body will request the Pipeline Owner to de-register the TH Receipt Point and the TH Delivery Point on the MDL IX from that Former Participant's Transmission Services Agreement, and the timing for such de-registration will be determined by the Industry Body having regard to any existing Contracts.

16. APPLICATION OF RULES TO SUSPENDED AND FORMER PARTICIPANTS

16.1 The Rules will continue to apply to a Suspended Participant.

16.2 The Rules will continue to apply to a Former Participant insofar as they relate to the Former Participant's participation prior to the date that its participation was terminated.

16.3 For the avoidance of doubt, suspension or termination will not affect:

- (a) any Contract to which the Suspended or Former Participant is a party; or
- (b) the Suspended or Former Participant's obligations under its Participant Variance Agreement.

16.4 Any Former Participant may subsequently submit an Application under Rule 7 for acceptance as a Participant, in which case the Industry Body will consider any such application as if that application is a new application for acceptance as a Participant.

Part 3

Trading

White Lists

17. USE OF WHITE LISTS

- 17.1** Each Participant must have a White List of Participants with which it is prepared to trade Gas on the Trading System.
- 17.2** A Participant may only trade Gas on the Trading System with the Participants included on its White List.
- 17.3** White Lists will be used solely for the purpose of identifying Offers that are Valid for Acceptance by each Participant.
- 17.4** Each Participant's White List will only be made available to that Participant.

18. NOTIFICATION OF WHITE LIST

- 18.1** The Trading System Operator will make available to each Participant a list of all the Participants included on that Participant's White List at Trading Opening on each Trading Day.
- 18.2** Each Participant is responsible for ensuring that its White List is correct.
- 18.3** If a Participant considers there is any error in its White List, the Participant will notify the Trading System Operator as soon as possible.
- 18.4** If the Trading System Operator is satisfied in its sole discretion that there is a genuine error in the Participant's White List, the Trading System Operator will correct the Participant's White List and provide the Participant with a copy of the corrected White List as soon as possible and such correction will take effect immediately.

19. ADDING PARTICIPANTS TO WHITE LIST

- 19.1** A Participant may only add Participants to its White List from the date specified by the Industry Body under Rule 9.5.
- 19.2** A Participant may add Participants to its White List by giving notice in writing to the Trading System Operator.
- 19.3** The Trading System Operator will update a Participant's White List in accordance with any notice given under Rule 19.2.
- 19.4** Additions to a Participant's White List will not be effective until the next Trading Opening after notice is received by the Trading System Operator.

20. DELETING PARTICIPANTS FROM WHITE LIST

- 20.1** A Participant may delete Participants from its White List by giving notice in writing to the Trading System Operator.
- 20.2** The Trading System Operator will update a Participant's White List in accordance with any notice given under Rule 20.1 and provide the Participant with a copy of the updated White List as soon as possible.
- 20.3** Any deletion made in accordance with Rule 20.2 will take effect immediately.

Products

21. PRODUCTS

- 21.1** The Industry Body will, from time to time, determine what Products may be sold or purchased through the Trading System, and will advise the Trading System Operator of its determination. The Trading System Operator will Publish details of the Products in accordance with this Rule.
- 21.2** An Offer may only be submitted in respect of the Products Published by the Trading System Operator from time to time.
- 21.3** The Trading System Operator will:
- (a)** maintain a list of all Products available on each Trading Day; and
 - (b)** Publish details of all Products available at Trading Opening on each Trading Day.
- 21.4** Each Product will be required to have a:
- (a)** Product Identifier;
 - (b)** date on which supply is to commence; and
 - (c)** date on which supply is to end.

Offers

22. SUBMITTING AN OFFER

- 22.1** Any Participant may submit an Offer through the Trading System:
- (a)** constituting an offer to sell Gas to other Participants; or
 - (b)** constituting an offer to buy Gas from other Participants.
- 22.2** Every Offer submitted under Rule 22.1 must be in the form required by the Trading System Operator and:

- (a) contain the:
 - (i) daily quantity of Gas under offer, which must be in whole gigajoules;
 - (ii) price payable per GJ of Gas, including, if the Offer is to sell, whether the Industry Body Levy is payable on that Gas;
 - (iii) Product Identifier; and
 - (iv) Offer expiry date, which must be a Trading Day; and
 - (b) indicate whether the Offer is able to be partially accepted.
- 22.3** Offers must only be submitted in relation to the proposed supply of Gas at a date that will occur after the receipt of the Offer by the Trading System Operator.
- 22.4** Offers to buy Gas include the Industry Body Levy in the price at which the Gas is offered.
- 22.5** On receipt of an Offer, the Trading System Operator will issue a Check Notice to the Offeror that will contain all the details in the Offer provided to the Trading System by the Offeror.
- 22.6** The Offeror will be responsible for:
- (a) reviewing the content of Check Notices issued in respect of Offers that it has submitted to the Trading System Operator; and
 - (b) either
 - (i) confirming to the Trading System Operator that the details of the Offer are correct; or
 - (ii) cancelling the Offer if any of the details in the Offer are incorrect.
- 22.7** The Trading System Operator will add the Offer to the Offer List on receipt of confirmation from the Offeror under Rule 22.6.
- 22.8** No Participant shall submit or maintain any Offer if the Participant knows, or ought reasonably to know, that the performance of any Contract arising from acceptance of the Offer would contravene any law.

23. OFFER LIST

- 23.1** The Trading System Operator will maintain a list of all Offers submitted and confirmed in accordance with Rule 22.
- 23.2** The Trading System Operator will Publish details of all Offers on the Offer List, excluding the identity of the Offerors:
- (a) at Trading Opening on each Trading Day; and

- (b) as soon as reasonably practicable after receipt or withdrawal of Offers during the Trading Day.

23.3 Participants are responsible for ensuring that details of Offers submitted by them and Published on the Offer List are correct.

23.4 The Offer List will not contain Offers from Suspended or Former Participants.

24. WITHDRAWAL OF OFFERS

24.1 An Offeror may withdraw an Offer by issuing a Withdrawal Notice to the Trading System Operator at any time before the Trading System Operator receives a response from an Accepting Participant that confirms a Confirmation Notice in respect of that Offer.

24.2 The Withdrawal Notice must contain sufficient information for the Trading System Operator to be able to identify the Offer in respect of which it has been issued.

24.3 Provided that it has not already issued a Confirmation Notice in respect of that Offer, the Trading System will as soon as possible:

- (a) remove the Offer from the Offer List; and
- (b) notify the Offeror that it has withdrawn the Offer.

24.4 An Offer will not be deemed to have been withdrawn until such time as the Offer has been removed from the Offer List.

Offers that are Valid for Acceptance

25. VALIDITY OF OFFERS

25.1 Offers remain current and will appear on the Offer List until the earliest of:

- (a) the Offer being withdrawn in accordance with Rule 24; or
- (b) the Offer otherwise being removed in accordance with the Rules; or
- (c) the Offer expiration date; or
- (d) the issue of an Acceptance Notice for the Offer.

25.2 An Offer will be Valid for Acceptance by a Participant if:

- (a) the Offer is on the Offer List;
- (b) the Offeror is included on that Participant's White List; and
- (c) that Participant is included in the Offeror's White List.

Acceptance of Offers

26. ACCEPTANCE NOTICE

- 26.1** If a Participant wishes to accept an Offer, the Participant must submit an Acceptance Notice to the Trading System Operator.
- 26.2** Offers may only be accepted by Participants.
- 26.3** The Acceptance Notice will include sufficient information for the Trading System Operator to be able to identify the Offer in respect of which it is submitted.
- 26.4** Where an Offer is able to be partially accepted, the Acceptance Notice must include the quantity of Gas that is being accepted in respect of that Offer.
- 26.5** Acceptance Notices may only be submitted during Trading Hours.
- 26.6** The submission of an Acceptance Notice does not give rise to any contract or other rights or obligations.

27. CONFIRMATION OF ACCEPTANCES

- 27.1** As soon as reasonably practicable after submission of an Acceptance Notice, the Trading System Operator will either:
- (a)** confirm the Acceptance Notice by issuing a Confirmation Notice; or
 - (b)** reject the Acceptance Notice by issuing a Rejection Notice if the Offer is not on the Offer List.
- 27.2** Acceptance Notices will only be confirmed or rejected during Trading Hours.
- 27.3** Acceptance Notices will be processed by the Trading System Operator in the order they are submitted.
- 27.4** A Confirmation Notice will be issued to the Accepting Participant and will include the terms set out in the Acceptance Notice.
- 27.5** The Accepting Participant will be responsible for:
- (a)** reviewing all Confirmation Notices issued in respect of Acceptance Notices that the Accepting Participant has submitted to the Trading System Operator; and
 - (b)** either
 - (i)** confirming to the Trading System Operator that the details of the Confirmation Notice are correct; or
 - (ii)** cancelling the Confirmation Notice, in which event the Acceptance Notice will be deemed not to have been submitted.

- 27.6** A Confirmation Notice not confirmed by Trading Closing will be deemed to be cancelled by the Accepting Participant under Rule 27.5(b)(ii).

Formation of Contract

28. FORMATION OF CONTRACT

- 28.1** On receipt of confirmation from the Accepting Participant under Rule 27.5(b)(i), the Trading System Operator will check that the Offer is Valid for Acceptance by the Accepting Participant and either:

- (a) advise the Accepting Participant that the Offer is not Valid for Acceptance by the Accepting Participant; or
- (b) issue a Contract Notice to the Offeror and the Accepting Participant.

- 28.2** The Contract Notice must contain details of the:

- (a) identities of the Offeror and Accepting Participant;
- (b) Agreed Quantity, being the quantity of Gas (in GJ) to be delivered on each day between 0000 hours on the Supply Commencement Date and 2400 hours on the Supply End Date, which will be either:
 - (i) the amount specified in the Offer; or
 - (ii) where an Offer is able to be partially accepted, the amount specified in the Acceptance Notice;
- (c) price payable per GJ of Gas;
- (d) liability for the Industry Body Levy to be paid, if any;
- (e) Supply Commencement Date, being the first date on which Gas will be delivered, or made available for nomination, under the Contract;
- (f) Supply End Date, being the last date on which Gas will be delivered under the Contract;
- (g) unique identifier assigned to the applicable version of the Standard Trading Terms;
- (h) contract number generated by the Trading System; and
- (i) the date of the Contract Notice.

- 28.3** A Contract Notice issued under Rule 28.1(b) will, subject to Rule 28.5, give rise to an immediate and binding Contract between the Offeror and the Accepting Participant for the sale and purchase of Gas on the terms set out in the Contract Notice and the applicable version of the Standard Trading Terms.

- 28.4** Subject to Rule 28.5, where a Contract has been formed in respect of only part of an Offer, the Trading System Operator will add the remaining portion of the Offer to the Offer List on the same terms as the original Offer.

- 28.5** If the Trading System Operator determines that any Contract made under Rule 28.3 has resulted from an error on the Trading System, the Trading System Operator will, as soon as practicable after it becomes aware of the error, advise the Offeror and Accepting Participant that the Contract formed under Rule 28.3 has been cancelled.
- 28.6** No Contract will be formed between the Offeror and the Accepting Participant in respect of any Contract cancelled in accordance with Rule 28.5 unless, prior to such cancellation, Gas has been supplied and delivered pursuant to the relevant Contract, in which case the Contract will be deemed not to have been cancelled.
- 28.7** The Trading System Operator will report the cancellation of any Contracts in accordance with Rule 28.5 to the Industry Body as soon as practicable.
- 28.8** The Offeror and Accepting Participant will be responsible for:
- (a)** contacting each other to confirm receipt of a Contract Notice under Rule 28.1(b); and
 - (b)** ensuring performance of a Contract.
- 28.9** Performance of any Contract is deemed to occur outside of the scope of the Trading System and any issues arising from the Contract will be resolved on the terms included in the Contract.

Notification and Publication of Contract Details

29. NOTIFICATION AND PUBLICATION OF CONTRACT DETAILS

- 29.1** Following formation of a Contract in accordance with Rule 28, the Trading System Operator will Publish the following details in relation to that Contract:
- (a)** the quantity of Gas being supplied under the Contract;
 - (b)** the price payable for the Gas; and
 - (c)** the period over which the Gas will be supplied.
- 29.2** At the end of each Trading Day, the Industry Body will Publish:
- (a)** the aggregate quantity of Gas traded on that day under Contracts; and
 - (b)** the total value of the Gas traded on that day under Contracts.
- 29.3** If parties to a Contract vary the Contract in any way, the Participant supplying the Gas must advise:
- (a)** the Trading System Operator of any variation to the details identified in Rule 29.1; and
 - (b)** the Industry Body of all other variations to the Contract (including variations to the Standard Trading Terms),
- within 5 Business Days of the variation.

- 29.4** The Industry Body may only use the information provided under Rule 29.3 for the purpose of monitoring and reporting on the Trading System. The Industry Body must keep individual Participants' information confidential in accordance with Rule 48 but may disclose collated information, provided that individual Participants' information cannot be identified.

Suspension of Trading

30. SUSPENSION OF TRADING

- 30.1** The Industry Body may at any time, by notifying the Trading System Operator in writing, suspend trading on the Trading System where, without limitation:
- (a)** the Trading System is not fully available for any reason; or
 - (b)** there is a Gas outage of such severity that demand is being forcibly curtailed; or
 - (c)** the Industry Body becomes aware of material breaches of Rule 11 by multiple or unidentifiable Participants.
- 30.2** Immediately upon receipt of a notice under Rule 30.1 the Trading System will Publish details of the suspension, including the period of suspension where that is known.
- 30.3** A suspension will take effect from the time and for the period specified in the notice given by the Industry Body under Rule 30.1.
- 30.4** The effect of any suspension of trading is that, during the period of suspension:
- (a)** no existing Offers will be considered Valid for Acceptance;
 - (b)** Participants may not submit Acceptance Notices;
 - (c)** Confirmation Notices will not be issued; and
 - (d)** no Contracts will be formed,
- provided that suspension of trading shall not affect the performance of any Contracts that came into existence prior to the period of such suspension.
- 30.5** The Industry Body may at any time lift a suspension by notifying the Trading System Operator.
- 30.6** Immediately upon receipt of a notice under Rule 30.5, the Trading System Operator will Publish the fact that the suspension has been lifted or the time at which the suspension will be lifted, whichever is applicable.

Part 4

Hub Operations

Industry Body to Determine Welded Points

31. WELDED POINTS

- 31.1** Gas may only be sold or purchased through the Trading System at the Hub. The Industry Body will publish the location of the Hub.
- 31.2** Title to Gas sold or purchased at the Hub will be determined on the basis of Approved Nominations made by Participants in accordance with MPOC.
- 31.3** A Participant must make the necessary nominations to support its sales and/or purchases of Gas on any Transmission Day in accordance with that Participant's Participant Variance Agreement.
- 31.4** Any differences between a Participant's Approved Nomination at the Hub and Net TQ on a Transmission Day will be dealt with in accordance with the terms of the Participant Variance Agreement.
- 31.5** For each sale or purchase made through the Trading System, the Trading System Operator will provide the Hub Operator with the following information:
- (a)** The counterparties to the sale or purchase;
 - (b)** The daily quantity of Gas agreed to be supplied;
 - (c)** The Product Identifier; and
 - (d)** Contract number.

Hub Operations

32. HUB OPERATIONS

- 32.1** The Industry Body will enter into an Interconnection Agreement that will allow the Industry Body to become the Welded Party at the Hub.
- 32.2** All Participants must enter into and maintain as valid and subsisting:
- (a)** a Participant Variance Agreement; and
 - (b)** a Transmission Services Agreement that will allow it to have Gas transported to and from the Hub in connection with its Contracts effected through the Trading System or an equivalent arrangement satisfactory to the Industry Body and the Hub Operator.
- 32.3** Entry into the agreements listed in Rule 32.2 will be a minimum criterion for acceptance for any Applicant as a Participant for the purposes at Rule 9.2(b). If

the Applicant has not entered into the agreements listed in Rule 32.2 by the date on which the Industry Body has specified the Applicant's admission will take effect, the Applicant will not become a Participant until it has entered into those agreements.

- 32.4** Participants may only nominate to and from the Hub, Gas associated with a Contract.

Trading at a Hub

33. NOTIFICATION OF NET TQ

- 33.1** The Hub Operator must use reasonable endeavours to, at least 1 hour prior to the Changed Provisional Cycle nomination deadline under MPOC on each Trading Day, give notice to each Participant of the Hub Operator's estimate of that Participant's Net TQ for the following Transmission Day. If the following Transmission Day is not also a Trading Day, the Hub Operator will (at the same time) provide such estimates for each Transmission Day up to and including the next Trading Day.
- 33.2** At least 30 minutes prior to the Changed Provisional Cycle nomination deadline under MPOC on each Trading Day, each Participant must either:
- (a) confirm to the Hub Operator that the estimate of that Participant's Net TQ provided under Rule 33.1 is correct; or
 - (b) advise the Hub Operator of a possible calculation error in that Participant's Net TQ, in which case the Hub Operator and that Participant will endeavour to resolve the discrepancy prior to the Changed Provisional Cycle nomination deadline. If the Hub Operator and the Participant are not able to agree on the correct Net TQ prior to the Changed Provisional Cycle nomination deadline, then the Participant will determine the appropriate quantity to use for the purposes of making its Changed Provisional Nominations (but the Industry Body will still determine that Participant's Net TQ for the purposes of the Rules and the Participant Variance Agreement).
- 33.3** For the avoidance of doubt, the information provided to the Participant under Rule 33.1 is for information purposes only and neither the Hub Operator nor the Industry Body will be liable in any way whatsoever for any loss, cost or expense arising from such information.
- 33.4** The Hub Operator will provide the Net TQ of each Participant pursuant to Rule 33.2 to the Industry Body for the purposes of calculating Participant Variance under the Participant Variance Agreement.
- 33.5** The Hub Operator may also provide the Net TQ of each Participant to Maui Development Ltd (MDL) to enable MDL to monitor activity at the Trading Hub.

34. NOTIFICATION OF CHANGES IN GAS QUANTITIES

- 34.1** If:

- (a) a seller under a Contract suspends the delivery of Gas under that Contract; or
- (b) a seller under a Contract changes the daily quantity of Gas (from the Agreed Quantity) delivered under that Contract; or
- (c) a buyer under a Contract changes the daily quantity of Gas (from the Agreed Quantity) taken under that Contract,

then the Participant who is the seller under that Contract must advise the Hub Operator and the Industry Body of such suspension or change as soon as reasonably practical after the suspension or change occurring.

35. BALANCING THE HUB

35.1 Where the Hub is out of balance due to either:

- (a) curtailment under MPOC of one or more Approved Nominations at the Hub; or
- (b) a failure by one or more Participants to obtain Approved Nominations that match their Net TQs;

then:

- (c) either MDL as the commercial operator under MPOC, or the Industry Body as Welded Party, may reduce the Scheduled Quantity at either the TH Delivery Point or the TH Receipt Point in order to balance the Hub; and/or
- (d) the Industry Body may suspend trading on the Trading System.

Part 5

Trading System Operation

Appointment of Service Providers

36. TRADING SYSTEM OPERATOR

- 36.1** The Industry Body will appoint a Trading System Operator.
- 36.2** The role of the Trading System Operator will be to perform the functions and obligations of the Trading System Operator under these Rules.
- 36.3** The terms of appointment of the Trading System Operator will be as agreed between the Industry Body and the person appointed as the Trading System Operator.
- 36.4** The Industry Body will publish the terms of appointment of the Trading System Operator.
- 36.5** Notwithstanding anything to the contrary, the Industry Body has no liability whatsoever for the acts or omissions of the Trading System Operator.

37. HUB OPERATOR

- 37.1** The Industry Body may appoint a Hub Operator.
- 37.2** The role of the Hub Operator will be to:
- (a)** in respect of Participants, perform the functions and obligations of the Hub Operator under the Participant Variance Agreement;
 - (b)** in respect of the Industry Body, perform the functions and obligations of the Hub Operator under an agreement entered into between the Industry Body and the Hub Operator; and
 - (c)** otherwise perform the functions and operations of the Hub Operator under the Rules.
- 37.3** The terms of appointment of the Hub Operator will be as agreed between the Industry Body and the person appointed as the Hub Operator.
- 37.4** The Industry Body will Publish the terms of appointment of the Hub Operator.
- 37.5** Notwithstanding anything to the contrary, the Industry Body has no liability whatsoever for the acts or omissions of the Hub Operator.

38. APPOINTMENT OF OTHER SERVICE PROVIDERS

- 38.1** The Industry Body may, at its discretion, from time to time appoint other persons to provide services and perform roles ancillary to the establishment or operation

of the Trading System or for such other purposes as the Industry Body considers appropriate.

- 38.2** The terms on which persons are appointed under this Rule will be as agreed between the Industry Body and the persons appointed.
- 38.3** The Industry Body will Publish the terms on which persons are appointed as service providers under this Rule.

Trading Hours

39. TRADING HOURS

- 39.1** The Industry Body will prescribe from time to time:
- (a)** which days will be Trading Days; and
 - (b)** Trading Opening, which is the time at which trading may commence on a Trading Day;
 - (c)** Trading Closing, which is the time at which trading will cease on a Trading Day, and
- the Trading System Operator will Publish that information.

Trading Protocols

40. PUBLICATION OF TRADING PROTOCOLS

- 40.1** The Trading System Operator will develop and Publish from time to time protocols for trading on the Trading System, including without limitation protocols relating to security and communication.

Standard Trading Terms

41. DEVELOPMENT OF STANDARD TRADING TERMS

- 41.1** Prior to the Go-Live Date, the Industry Body will develop and Publish the initial Standard Trading Terms, which will apply to Contracts formed through the Trading System.

42. AMENDMENT OF STANDARD TRADING TERMS

- 42.1** The Industry Body may review and amend the Standard Trading Terms from time to time.
- 42.2** The Industry Body will consult with Participants on any material amendment of the Standard Trading Terms.

42.3 Where an amendment of the Standard Trading Terms is considered by the Industry Body in its absolute discretion to be urgent, the Industry Body may:

- (a) Publish the amendment of the Standard Trading Terms that will apply from the date of publication; and
- (b) consult with Participants on the amendment of the Standard Trading Terms; and
- (c) make any further amendment to the Standard Trading Terms consequent upon that consultation; and

Rule 42.4 will apply.

42.4 Subject to Rule 42.3, if the Industry Body reviews the Standard Trading Terms and, after consultation with Participants, determines to make any amendment to those Standard Trading Terms, the Industry Body must Publish:

- (a) a date on and from which the Standard Trading Terms will be amended (and will apply to all Contracts formed on and from that date), which must be at least 20 Business Days after the date of Publication; and
- (b) the amended Standard Trading Terms that will apply from such date.

42.5 For the avoidance of doubt, no amendments made in accordance with this Rule may be applied retrospectively.

43. REGISTER OF STANDARD TRADING TERMS

43.1 The Industry Body will maintain and Publish an up to date register of all versions of the Standard Trading Terms.

43.2 The register must:

- (a) identify each version of the Standard Trading Terms by reference to a unique identifier;
- (b) contain a complete copy of each version of the Standard Trading Terms;
- (c) identify the periods during which each version of the Standard Trading Terms applied; and
- (d) identify the current version of the Standing Trading Terms and the date on and from which those terms applied.

44. APPLICATION OF STANDARD TRADING TERMS

44.1 Once Standard Trading Terms are Published in accordance with Rule 43, Participants are deemed to be aware of the content of the Standard Trading Terms and their obligations under them, including ensuring that they are able to comply with the Standard Trading Terms under any Contract to which they may become party.

Termination of Trading System**45. TERMINATION OF TRADING SYSTEM**

- 45.1** The Industry Body may terminate operation of the Trading System at any time if:
- (a)** it considers that the Trading System is not achieving the purpose for which it was established; or
 - (b)** it considers there are other means of more efficiently and effectively achieving the purpose for which the Trading System was established; or
 - (c)** it otherwise considers that termination of operation of the Trading System is appropriate.
- 45.2** The Industry Body must Publish notice of any termination of operations of the Trading System at least 30 days prior to any such termination.
- 45.3** The Rules will cease to apply following termination, provided that:
- (a)** any obligations of confidentiality will continue indefinitely;
 - (b)** Participants, the Trading System Operator, and any service providers appointed under Rule 38 will continue to be liable in respect of events occurring prior to termination and the Participant Variance Agreement will continue to apply accordingly, including with respect to Contracts entered into prior to the date of termination; and
 - (c)** termination shall not affect the enforceability or performance of any Contract.

Part 6

Miscellaneous

46. DISPUTE RESOLUTION

Dispute Resolution

46.1 If the Industry Body, a Participant, Suspended Participant or Former Participant (the **parties**) believes there is a dispute between itself and one or more of the parties concerning the Rules, that party may give written notice to the other party (or parties) setting out the details of the dispute (the **Dispute Notice**). If a Dispute Notice is given, the following process will apply:

- (a) The parties will nominate and direct an appropriate person from within their organisation to use reasonable endeavours to resolve the dispute within 10 Business Days of the date of the Dispute Notice;
- (b) If the dispute is not resolved under Rule 46.1(a), the parties may agree to refer the dispute to an independent expert agreed by the parties; or
- (c) if the parties do not agree to refer the dispute to an independent expert within 20 Business Days of the date of the Dispute Notice, the dispute must be referred to a sole arbitrator under the Arbitration Act 1996. If the Parties are unable to agree on an arbitrator with 30 Business Days of the date of the Dispute Notice, such arbitrator is to be appointed by the President for the time being of the New Zealand Law Society or his or her nominee.

A decision of the independent expert or arbitrator is binding on the parties.

46.2 As soon as practicable, the parties involved in a dispute will provide a copy of the Dispute Notice and any reports or findings produced by an arbitrator or independent expert in respect of that dispute to the Industry Body.

46.3 For the avoidance of doubt, the Industry Body may give a Dispute Notice under Rule 47.1 despite taking action to issue a Warning Notice, Suspend or Terminate a Participant under Rule 14.1 or 15.1 for the same action that gave rise to the issuing of the Warning Notice or the Suspension or Termination.

47. AMENDMENT OF RULES

47.1 The Industry Body may review and amend the Rules from time to time.

47.2 Subject to Rule 47.4, the Industry Body will consult with Participants on any material amendment of the Rules prior to any amendment being made.

47.3 Subject to Rule 47.4, if the Industry Body determines to make any amendment to the Rules, the Industry Body must Publish:

- (a) the date on and from which the Rules will be amended, which must be at least 20 Business Days after the date of Publication; and
- (b) the amended Rules that will apply from that date.

47.4 Where an amendment of the Rules is considered by the Industry Body in its absolute discretion to be urgent, the Industry Body may:

- (a) Publish the amendment of the Rules that will apply from the date of publication; and
- (b) consult with Participants on the amendment of the Rules after the amendment has been published; and
- (c) make any further amendment to the Rules consequent upon that consultation; and

Rule 47.3 will apply.

47.5 For the avoidance of doubt, no amendments made in accordance with this Rule may be applied retrospectively.

48. CONFIDENTIALITY

48.1 The Trading System Operator, the Hub Operator, and all Participants, Suspended Participants and Former Participants will treat as confidential, and will not directly or indirectly disclose or permit to be disclosed to any person, information provided for the purposes of the Trading System under these Rules, except:

- (a) to the extent required or expressly permitted by these Rules;
- (b) where requested by the Industry Body, in which case the confidentiality obligations in this Rule 48 will apply to the Industry Body;
- (c) as required by law or the Rules or any stock exchange on which the Participant is listed;
- (d) where such information is already or becomes public knowledge, otherwise than as a result of a breach by the Trading System Operator, Industry Body or a Participant of its confidentiality obligations; or
- (e) as authorised in writing by the relevant Participant.

49. LIABILITY

49.1 Notwithstanding anything else in the Rules, and to the extent permitted by law, the Industry Body will not have any liability to any Participant, Suspended Participant or Former Participant in connection with:

- (a) any loss or damage arising as a result of the Industry Body's tortious default (including negligence); or

- (b) any indirect or consequential loss or damage, or any loss of profits or savings or any economic loss in connection with these Rules, the Trading System, Hub Operations or Contracts formed under these Rules except in the event of the Industry Body's fraud or wilful default.

49.2 No Participant, Suspended Participant or Former Participant or the Industry Body will be liable for any failure to comply with these Rules if, and to the extent that, that failure is caused by an act or omission beyond their reasonable control.

49.3 The Industry Body may rely on any information provided to it by MDL IX, OATIS, the Trading System Operator and the Hub Operator as accurate.

50. NOTICES

50.1 Where these Rules provide for any notice to be given through the Trading System:

- (a) the form and manner of giving of such notice shall be as provided for in any protocols Published under Rule 40 (provided that, in the absence of any such protocols, the notice must comply with Rule 50.2);
- (b) in the case of notices given by a Participant to the Trading System Operator, such notices are deemed to have been received by the Trading System Operator at the time such notices are actually received by the Trading System Operator;
- (c) in the case of notices given by the Trading System Operator to a Participant, such notices are deemed to have been received by the Participant at the time such notices are sent by the Trading System Operator,

except that if a notice is deemed to have been received outside of Trading Hours that notice will be taken as having been duly received by the recipient at Trading Opening on the next occurring Trading Day.

50.2 Where these Rules provide for the giving of any notice that is not covered by Rule 50.1, such notice must be in writing and be:

- (a) delivered by hand to the nominated physical address of the addressee; or
- (b) sent by post to the nominated postal address of the addressee; or
- (c) sent by facsimile to the nominated facsimile number of the addressee; or
- (d) sent by electronic transmission or any other similar method of electronic communication to the appropriate nominated electronic address of the addressee.

50.3 For the purposes of this Rule:

- (a) the nominated address details for any Participant will be those specified in the Register of Participants; and

- (b) the Trading System Operator will Publish nominated address details for itself, the Hub Operator and the Industry Body.

50.4 Notices given under Rule 50.2 are deemed to have been received:

- (a) in the case of notices delivered by hand, at the time that such notice is left with an apparently responsible person at the recipient's nominated address;
- (b) in the case of notices sent by post, two Business Days (if posted within New Zealand to an address in New Zealand) or ten Business Days (if posted by airmail from one country to another) after the date of posting;
- (c) in the case of notices sent by facsimile, on receipt by the sender of an acknowledgment or transmission report generated by the facsimile machine from which the notice or other communication was sent in its entirety to the recipient's facsimile number; and
- (d) in the case of notices sent by electronic transmission or any other similar method of electronic communication, at the time:
 - (i) the computer system used to transmit the notice has received an acknowledgment or receipt addressed to the electronic mail address of the person transmitting the notice; or
 - (ii) the person who gave the notice proves the notice was transmitted by computer system to the electronic address provided by the addressee,

except that if a notice is not related to a notification of a curtailed Approved Nomination at the Trading Hub and is deemed to have been received outside of Trading Hours, that notice will be taken as having been duly received by the recipient at Trading Opening on the next occurring Trading Day.

51. TRADING FEES

51.1 The Industry Body may determine from time to time fees that will be payable by Participants to cover:

- (a) the costs of providing and operating the Trading System, including the Trading System Operator's costs;
- (b) the costs of any other service provider appointed under these Rules;
- (c) the Industry Body's administrative costs associated with the Trading System and its role under these Rules; and
- (d) the costs of enforcing compliance with these Rules.

51.2 If the Industry Body determines that any fees are payable by Participants under Rule 51.1, the Industry Body will Publish those fees at least 90 Business Days before the fees become payable.

SCHEDULE 1

FORM OF PARTICIPANT UNDERTAKING

SCHEDULE 2

PARTICIPANT VARIANCE AGREEMENT