



**SECURITIES TRANSFER (APPROVAL OF SYSTEM FOR
ELECTRONIC TRANSFER OF SECURITIES ON AUSTRALIAN
STOCK EXCHANGE) ORDER 1997**

MICHAEL HARDIE BOYS, Governor-General

ORDER IN COUNCIL

At Wellington this 3rd day of June 1997

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to section 7 of the Securities Transfer Act 1991, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council and on the advice of the Minister of Commerce given in accordance with a recommendation of the Securities Commission, makes the following order.

ORDER

1. Title and commencement—(1) This order may be cited as the Securities Transfer (Approval of System for Electronic Transfer of Securities on Australian Stock Exchange) Order 1997.

(2) This order comes into force on 3 July 1997.

2. Interpretation—In this order, unless the context otherwise requires, terms and expressions have the same meaning as in the Securities Transfer Act 1991.

3. Approval of system for electronic transfer of securities quoted on Australian Stock Exchange—The system for the electronic transfer of securities on the Australian Stock Exchange, the essential requirements

of which are described in the Schedule of this order, is approved for the transfer of securities that are—

- (a) Issued by companies incorporated in New Zealand; and
- (b) Quoted on the Australian Stock Exchange operated by Australian Stock Exchange Limited.

Cl. 3

SCHEDULE
DESCRIPTION OF SYSTEM

Interpretation

For the purposes of the description of the system,—

“Approved security” means a security—

(a) For which, by virtue of section 1096 (2A) of the Corporations Law, the public issuer is not required to issue a certificate; and

(b) That is approved by the Company as a security that may be registered and transferred under the system:

“Broker” means a share broker that is a member organisation of the Australian Stock Exchange:

“Business rules” means the business rules (within the meaning of Chapter 7 of the Corporations Law) of the Company:

“CHESS” means the Clearing House Electronic Subregister System, a system for the electronic transfer and registration of approved securities operated by the Company:

“Company” means ASX Settlement and Transfer Corporation Pty Limited approved as the securities clearing house under the Corporations Law:

“Corporations Law” means the Corporations Law of the Commonwealth of Australia:

“Exchange” means the Australian Stock Exchange operated by Australian Stock Exchange Limited:

“Participant” means a person who, or a partnership or company that, under the business rules, is entitled to use CHESS; and includes a broker:

“Public issuer” means a company that is the issuer of securities that are quoted on the Exchange:

“SEATS” means the Stock Exchange Automated Trading System, an electronic trading system operated by the Exchange.

System Description

The essential requirements of the system are—

- (a) The electronic entry into SEATS by a broker of an order to sell approved securities:
- (b) The matching by SEATS of the selling order with an equivalent buying order so as to constitute a trade in the securities:
- (c) The electronic entry of the details of trades in approved securities into a computer that determines the net settlement obligations among brokers in respect of trades made through SEATS:

SCHEDULE—*continued*

DESCRIPTION OF SYSTEM—*continued*

- (d) The electronic communication to brokers of their net settlement obligations for settlement on the 5th day after the date of the trade:
- (e) The allocation on the settlement date by a broker into the broker's settlement account of sufficient approved securities to satisfy the broker's settlement obligations:
- (f) In order to meet a broker's net delivery obligations, the transfer by CHESS on the settlement date of approved securities from the broker's settlement account into the settlement account of another broker entitled to receive the securities:
- (g) The adjustment on the settlement date by CHESS of the number of approved securities held by security holders of approved securities:
- (h) Details of transfers of securities of a public issuer are communicated daily by the Company to the public issuer through the computer link between the Company and the public issuer:
- (i) In the case of a public issuer incorporated in New Zealand and whose securities may be transferred and registered under the system, a requirement that the public issuer issue share certificates in accordance with section 90 (1) of the Companies Act 1955 or with section 95 (1) of the Companies Act 1993, as the case may be, for securities that are not held on the CHESS subregister but that are held on the certificated register of the public issuer:
- (j) Each participant using CHESS warrants—
 - (i) The accuracy of the messages transmitted through the computer link; and
 - (ii) In respect of each transfer of approved securities effected by the participant, that it was legally entitled or authorised to transfer the securities:
- (k) The participants using CHESS undertake to indemnify other participants, the public issuer, and the Company against all losses, damages, costs, and expenses suffered or incurred as a result of any inaccurate message transmitted through the computer link.

MARIE SHROFF,
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 comes into force on 3 July 1997. The order approves, for the purposes of the Securities Transfer Act 1991, a system for the electronic transfer of securities of New Zealand companies that are quoted on the Australian Stock Exchange.

Section 7 of that Act provides that securities may be transferred in accordance with a system of transfer approved by the Governor-General by Order in Council. The system approved is a system that operates in Australia for the transfer of securities traded on the Australian Stock Exchange.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 5 June 1997.

This order is administered in the Ministry of Commerce.