

NZX CONFLICT MANAGEMENT POLICY

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I. INTRODUCTION

NZX is a registered exchange under the Securities Markets Act 1988 and, as such is required to undertake the supervision of the markets that it operates in respect of listed entities and products and participants and their trading activities on those markets. This dual role of market operator and supervisor may lead to a perception of conflict between NZX's regulatory and commercial functions.

As a for-profit company, NZX faces a number of potential conflicts of interests. At the broadest level, there is potential for conflict between NZX's commercial interests, with the objective to maximise profits for its shareholders, and its obligations as a market operator to utilise resources to supervise its market.

There is a strong alignment between the commercial and regulatory objectives of NZX. It is fundamental to NZX's commercial success that it operates and is seen to operate a market with a strong reputation for market integrity. In order to promote market confidence leading to deep and liquid markets and reduced cost of capital, NZX must provide a reliable and high quality supervisory regime. It is therefore very much in NZX's commercial interests to supervise effectively and rigorously and to maintain its high integrity reputation.

For this reason, it is important for NZX to effectively and demonstrably manage any conflicts arising between its commercial and supervisory roles.

The purpose of this policy is to identify possible conflicts and to describe the processes in place at a management and Board level to manage these and/or the amendments to NZX's regulatory regime proposed to address these.

II. OBJECTIVES OF POLICY

This policy identifies the types of potential conflict that may arise and provides a clear articulation of the range of conflict management mechanisms operated by NZX and the amendments proposed to enhance these mechanisms. This is aimed at a greater understanding of conflict management by:

- Shareholders/investors/public;
- Securities Commission;
- Participants and Listed Entities; and
- Staff.

Relevant procedures and protocols are attached.

III. TYPES OF POTENTIAL CONFLICT

1. Self-Listing

- NZX has a conflict of interest by virtue of being listed on itself and therefore subject to its own regulation.

2. Supervising Related Listed Entities/Participants

- Conflicts of interest may also arise where NZX supervises entities to which it is related/commercially associated or in respect of which it has a competitive relationship. For example, it may:
 - impose stricter requirements on competitive entities;
 - misuse information acquired for supervisory purposes;
 - apply more favourable supervisory decisions to a related entity.

3. Other Commercial Conflicts of Interest

These may arise in the following areas:

- Admission of new Issuers/Participants or granting of waivers:
 - Commercial interest in maximizing fees;
- Supervisory decisions in relation to Issuers/Participants/Trading activities – monitoring/enforcement including suspension/referral/discipline:
 - Commercial interest in not offending customer/adversely impacting generation of fees;
 - Use of disciplinary penalties as revenue-raising activity;
- Amendments to rules/processes:
 - To favour/impede business of an entity;
 - To promote a new product/market without sufficient regard for regulatory issues.

4. Management Issues

Conflicts may occur where:

- Resource allocation is skewed away from supervisory activity in favour of revenue generating activity;
- Commercial interference in supervisory processes/decision-making.

5. Personnel Conflicts of Interest

At an individual level, conflicts may result from:

- Shareholdings;
- Accounts with Participants;
- Connections to Issuers/Participants.

6. Other Conflicts of Interest

Other more peripheral conflicts may arise, for example:

- Where NZX does business (e.g., acquires goods) from an entity which it supervises.

IV. OVERVIEW OF PRINCIPLES AND MECHANISMS FOR MANAGEMENT CONFLICT

1. Principles for Conflict Management

NZX has put in place a number of arrangements for dealing with the conflicts identified above and for ensuring that any further conflicts that may emerge are identified and managed in a timely way. These are discussed below. These arrangements and any further arrangements that may be necessary are based upon the following principles:

- it is fundamental to the commercial success of NZX that the market operates and is seen to operate in a fair, orderly and transparent way and that there is no taint of unmanaged conflict;
- the perception of conflict may be as damaging as an actual conflict and must be managed accordingly;
- commercial areas of the business and other commercial interests will not be allowed to influence supervisory decision-making;
- supervisory activity and information is quarantined from commercial activity; and
- supervisory activity and decision-making must be consistent and transparent.

2. Responsibility and Review

Responsibility for identifying and addressing conflicts of interest lies with the Head of Supervision and her team with endorsement by the Board (see below).

3. Governance Arrangements

The Board has overall responsibility for the business at a commercial and regulatory level. The commercial success of the business is very much linked to its ability to perform its regulatory obligations effectively and therefore accountability for each at a senior level is not separated.

However, because of the potential for perception of conflict, the Board will operate subject to a **Regulatory Charter**, (see Attachment 1) that defines the regulatory oversight role that it will undertake and any restrictions/safeguards that may apply to its activity. This includes restrictions relating to the CEO and the Directors.

Further, the Board delegates regulatory strategy and activity jointly to the CEO and Head of Supervision and provides a mechanism to ensure the independence of the Head of Supervision and that no undue commercial pressures are brought to bear on her or her team.

The **Board's Regulatory Charter** (see Attachment 1) addresses the following:

- Direct access by Head of Supervision in relation to significant regulatory issues and supervisory resource allocation;
- Role in appointment, remuneration and review of Head of Supervision;
- Regular supervisory briefings without the presence of the CEO;

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- Mechanism for escalation to the Board of issues arising between commercial and regulatory aspects of NZX.

4. Management/Operational structure

The following structural framework is used to manage conflicts of interest, by ensuring (insofar as practicable) the quarantining of supervisory decision-making and information from the commercial part of the business:

- all core supervisory functions are undertaken by a separate regulatory division (NZX Market Supervision¹). Personnel in the regulatory division are subject to a *Personal Conflicts Policy* (see Attachment 3). Delegation of supervisory activity is made to both the Head of Supervision and to the CEO (see above);
- there are regular briefings by the Head of Supervision directly to the Board in relation to supervisory issues;
- the *Regulatory Code of Conduct* governs the interaction and information-flow between supervisory and non-supervisory staff (see below and Attachment 2); and
- the *Board Regulatory Charter* governs the escalation of issues between supervisory and non-supervisory staff to the Board (see above and Attachment 1).

5. Regulatory Protocols

5.1 Regulatory Code of Conduct

Supervisory employees are responsible for all supervisory decision-making, monitoring and investigation of potential breaches of the operating rules and procedures. Supervisory employees operate separately from the operational and commercial side of the business and their decision-making and information is quarantined in accordance with the restrictions set in the *Regulatory Code of Conduct* (see Attachment 2).

This Regulatory Code of Conduct is applicable to all NZX staff and addresses the following fundamental principles:

- commercial staff must not seek to influence supervisory decisions;
- supervision must not be relaxed in order to increase volumes and revenue;
- supervisory decisions must be consistent and fair and in accordance with operating rules;
- supervisory decision-making is quarantined from NZX's commercial interests;
- supervisory information is not conveyed to non-supervisory areas; and
- supervisory decisions must not be influenced by any commercial relationship with a participant/listed entity.

The Code specifically defines the role of the CEO in regulatory matters.

¹ NZX Market Supervision comprises supervisory staff (i.e., those responsible for taking supervisory decisions in relation to participants and listed entity activity) and staff responsible for supervisory operations (i.e., those responsible for undertaking operational functions with supervisory purpose/outcomes, e.g., trading halts, suspensions etc)

5.2 Personal Conflicts Policy

Supervisory employees are also subject the *Personal Conflicts Policy* (see Attachment 3). This policy addresses the following fundamental principles:

- there is a duty on employees to declare conflicts that may arise in their personal capacity;
- these conflicts might arise in a number of ways; most likely due to:
 - a shareholding in a particular issuer
 - the use of a particular market participant for share trading
 - the personal connections with key individuals employed by or directors of issuers or participants.
- where a supervisory employee has a conflict of interest in his or her personal capacity that employee must not be involved in supervisory decisions.

5.2 Share Trading Policy

All employees are subject to the NZX Share Trading Policy. This policy requires all employees to inform NZX prior to trading in any securities listed by NZX. NZX directors are subject to this policy to the extent they wish to trade in NZX securities

5.3 Board Regulatory Charter

The *Board Regulatory Charter* (Attachment 1) is discussed above.

6. Mechanisms for handling Direct Conflict

6.1 NZX as Listed Entity

6.1.1 Supervision is currently undertaken by the Special Division of NZX Discipline. The Special Division is a body established under the NZX Discipline Rules and is comprised of capital markets professionals operating independently of the management of the Exchange, whose appointment is confirmed by the New Zealand Securities Commission (NZSC).

6.1.2 One of the functions of the Special Division is to assume decision-making responsibility for all supervisory decisions relating to NZX as a listed entity. Smartshares, a wholly owned subsidiary of NZX and Manager of Smartshares Funds is also subject to regulation by the Special Division. Detailed description of the powers of the Special Division in this regard are contained in the Appendix to the NZX Discipline Rules. How these powers are exercised is set out in the Market Surveillance Manual and Special Division Release².

6.1.3 The provisions of the *Regulatory Charter* and the *Associated Entity Protocol* are applicable to the members of the Special Division.

7. Listed Entities – Competitive/Associated Services

7.1 Where a listed entity operates in competition with NZX or a company with which NZX is associated in respect of its business activity or where NZX has a material commercial association with a listed entity, the potential for conflict arises.

² available on NZX website

7.2 NZX has put in place a specific protocol to deal with supervision of such entities and to ensure a greater degree of assurance that there can be no actual or perception of conflict of interest. The *Associated Entity Protocol* is attached at Attachment 4.

8. Brokers – Competitive/Associated Services

8.1 Where a participant operates in competition with NZX or a company with which NZX is associated or where NZX has a commercial association with a participant, the potential for conflict arises.

8.2 NZX has put in place a specific protocol to deal with supervision of such participants and to ensure a greater degree of assurance that there can be no perception of conflict of interest. The *Associated Entity Protocol* is at Attachment 4.

9. NZX Discipline

9.1 NZX Discipline is established under the rules of NZX Discipline and comprises members of the legal and financial services profession operating independently of the management of NZX, together with no more than 25% representatives of NZX. It is proposed that all these rules be amended to remove any representation on NZX Discipline by NZX. Appointment of members is confirmed by the NZSC.

9.2 NZX Discipline hears and determines disciplinary matters relating to listed entities and participants. The Special Division has the role of NZX in bringing cases to NZX Discipline in relation to matters concerning NZX and Related Entities³. How those powers are invoked and exercised is set out in the Special Division Release.⁴

9.3 The NZX Discipline operates in an independent and impartial manner. To ensure this, the following measures are in place:

- Members of the NZX Discipline are subject to both the Regulatory Code of Conduct and the Associated Entity Protocol;
- They undertake their function in accordance with detailed requirements set out in the NZX Discipline Rules;
- Decisions of the tribunal are made public (subject to request for confidentiality) and reasons are given;
- There is an appeal process to the Appeal Panel;
- Sanctions that may be imposed are detailed in the NZX Discipline Rules and Penalties Band Guidance Note; and
- All decisions are subject to the scrutiny of the NZSC in their annual review of NZX.

10. Decision-making – transparent, consistent, documented

10.1 Transparency and consistency in decision-making are major factors in ensuring that NZX effectively manages its conflicts of interest.

³ Related Entities are Issuers or entities seeking listing on NZX with a connection or relationship with NZX creating a reasonable apprehension of bias. This is more restrictive than the entities covered by the Associated Entity Protocol.

⁴ See NZX website.

10.2 All supervisory decisions made by NZX employees are made in accordance with the provisions of the operating rules and procedures. NZX provides interpretive guidance in relation to these operating rules and procedures from time to time in the form of guidance notes. These are made available to all Participants and Listed Entities and on the NZX website.

10.3 NZX has also developed a set of internal supervisory procedures which set out the approach that supervisory employees must adopt in ensuring consistent compliance with the operating rules. These are set out in the Solicitors 'Handbook and Supervision Manual.

10.4 The following decisions, together with reasons for them are made available on the NZX website:

- Waivers and rulings; (subject to requests for confidentiality); and
- Decisions of NZX Discipline (subject to requests for confidentiality).

NZX also publishes the names of participants admitted to its markets.

11. Training/Monitoring/Reporting

11.1 NZX staff receive regular training (induction on commencement of employment and thereafter at least annually) in relation to the processes for managing conflicts including adherence to relevant protocols.

11.2 The Head of Supervision conducts an annual review to monitor the effectiveness of conflict management procedures and to ensure that they are adhered to:

- ad hoc review of decision-making and application of process; and
- as part of supervisory staff performance review.

12. Role of NZSC

NZSC conducts an annual review of NZX, including a review of the effectiveness of NZX supervisory processes and conflict management arrangements. The report of this review is made public.

ATTACHMENT 1: REGULATORY CHARTER OF NZX BOARD

1. Responsibility

- 1.1 The Board has overall responsibility for the business of NZX in relation to both commercial and supervisory activities. Since the commercial success of the business is very much linked to how well NZX performs its supervisory activities and to its reputation as a high integrity exchange, it is not appropriate for accountability for these functions to be separated at this level.
- 1.2 The Board is also constitutionally obliged to consider the overall welfare of the New Zealand capital markets in performing its function and must ensure that the strategy of the business will in no way diminish the reputation of the capital markets as being of high integrity, reliable and fair.
- 1.3 The Managing Director and CEO also has dual accountability for commercial and supervisory operations.

2. Conflict Management – Principles applicable to Board

- 2.1 Because of the potential for conflict of interest in performing both commercial and supervisory functions and because of its broader mandate in relation to the overall welfare of the New Zealand capital markets, the Board has agreed to be bound by the following principles in exercising its oversight role.
- No strategy or activity pursued by NZX will derogate from the high integrity reputation of the New Zealand capital markets;
 - No commercial interests will be permitted to unduly influence supervisory strategy or decision-making;
 - Supervisory activity will be performed in a consistent and transparent manner; and
 - Supervisory activity will be resourced to an appropriate level.

3. Regulatory Oversight

- 3.1 The Board also has a specific oversight and assurance role in relation to regulatory activity. The Board has made a joint delegation in respect of regulatory activity to the CEO and the Head of Supervision. The Head of Supervision undertakes the day-to-day management of the supervisory function, although the CEO must clearly retain accountability for this part of NZX's function.
- 3.2 In order to ensure that the Board is properly informed of supervisory activity, and that no undue influence may be brought to bear upon the supervisory activity undertaken by the Head of Supervision and her team, the following safeguards have been put in place by the Board:
- A regulatory paper will be put to the Board at each regular Board meeting by the Head of Supervision that addresses:
 - Key supervisory activity;
 - Adequacy of resourcing;
 - Any inappropriate behaviour of any commercial staff seeking to influence supervisory decision-making or strategy; and

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- Any breach of conflict management protocols.
 - At each regular Board meeting, the Head of Supervision will meet with the Board without the presence of the CEO;
 - The Board will assume responsibility on recommendation from the CEO for the appointment, review and dismissal and the key contractual terms (including remuneration) of the Head of Supervision;
 - The Head of Supervision may escalate a supervisory or potential conflict issue to the Board, where a matter of difference has arisen and cannot be resolved between the Head of Supervision and the CEO; and
 - The Head of Supervision will present a conflict management policy to the Board on an annual basis for their endorsement and will keep the Board informed of any significant amendments to this policy during the year.

4. Conflict at Board level – restrictions

- 4.1 No Director, including the CEO must take part in a decision in respect of which he may have a personal interest or other potential conflict, for example, a relationship with a Participant, or a relevant shareholding in a Listed Entity. In this respect Directors and the CEO are subject to the same restrictions as other NZX supervisory staff members in relation to personal conflicts (see *Regulatory Code of Conduct*). Any conflict must be declared by the Director where a matter on which that Director is conflicted is discussed by the Board. The conflicted Director must excuse him or herself from discussions and decision making on matters on which the Director is conflicted.
- 4.2 Additionally, when discussing supervisory issues or making resolutions that have an impact on supervisory matters, the Directors and CEO will adhere to the principles set out above.
- 4.3 Where a director or the CEO considers that his objectivity may be at risk because of the dual supervisory and commercial role or because of a personal interest, he or she must identify their concerns to the rest of the Board and, where appropriate, recuse themselves from any decision.

ATTACHMENT 2: NZX REGULATORY CODE OF CONDUCT

1. Applicability and Responsibility

- 1.1 Supervisory powers exercised by NZX employees have potentially very significant consequences for Participants and Listed Entities (e.g., suspension of rights) and therefore all supervisory powers must be exercised in a legitimate, consistent and transparent way.
- 1.2 It is important that there is no perception of conflict between the commercial and supervisory activities of NZX and that there is no opportunity for undue influence of supervisory matters by commercial activity. This Code of Conduct sets out how the separation of the commercial and the supervisory activities and objectives of NZX will be managed at a practical, day-to-day level and how employees' personal conflicts will be managed.
- 1.3 This Code of Conduct is applicable to all members of NZX staff and Board directors except where otherwise indicated. It applies also to the members of the Special Division.
- 1.4 This Code has been developed by the Regulatory Division and endorsed by the Board and is reviewed on a regular basis to ensure that it continues to operate effectively.

2. Supervisory Activity – Restrictions

- 2.1. Only supervisory staff may make supervisory decisions⁵.
- 2.2. In making those decisions, supervisory staff must only take into account the facts surrounding the activity in question and must not be influenced by any extraneous factors, including the commercial interests of the Participant or Listed Entity and must not take into account any commercial interests of NZX.
- 2.3. Employees in commercial areas must not attempt to influence the outcome of supervisory decisions and supervisory employees must report any such attempt to the Head of Supervision.
- 2.4. Supervision must not be relaxed in order to increase volumes and revenue.
- 2.5. Supervisory decisions must be consistent and fair and in accordance with operating rules.

3. Supervisory information

- 3.1. Supervisory information is information about Participants/Listed Entities obtained in the course of performing specific supervisory functions and information about specific supervisory decisions and includes:
 - the identity of a Participant/Listed Entity the subject of a supervisory decision;
 - the fact that a breach of the operating rules/procedures and/or the law is suspected/has occurred;

⁵ Except for the Board where matters have been escalated in accordance with conflict management arrangements or the CEO in respect of his combined supervisory/commercial accountabilities.

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- the fact that an investigation is underway;
 - the fact that a referral has been made to the NZSC;
 - the fact that a complaint has been received about a Participant/Listed Entity;
 - the sharing of information in relation to a Participant/Listed Entity with another licensed market operator; and
 - information received from a Participant/Listed Entity that relates to a determination to be made/made by a supervision employee.

3.2. Supervisory staff must not disclose non-public supervisory information to staff in other areas of NZX, except in the following limited circumstances:

- Where the information is necessary to the proper functioning of the market;
- Where a supervisory decision has been made and it is relevant for the operational staff to understand the impact of the decision, e.g., suspension;
- In other circumstances where the Head of Supervision agrees in advance; and
- To the Board or CEO where appropriate.

3.3. Employees who obtain information from Participants and /or Listed Entities under the operating rules must not use that information for any other purpose than that for which it was acquired and must not give that information to any other person for any other purpose than that for which it was acquired.

4. Personal Conflicts

4.1. No employee must take part in a decision in respect of which he may have a personal interest or other potential conflict, for example, a relationship with a Participant, or a relevant shareholding in a Listed Entity. All Supervisory employees must comply with the *Personal Conflicts Policy* (see Attachment 3).

4.2. An employee must notify the Head of Supervision (or in the case of the Head of Supervision, the CEO) of any such circumstances.

4.3. Each employee must notify the Head of Supervision of any other relationship that may be seen to effect his/her ability to make an impartial supervisory decision.

4.4. Each employee must additionally adhere to the NZX Share Trading Policy.

5. CEO

5.1 The CEO is bound by the Regulatory Code of Conduct insofar as this is practicable. The CEO has accountability across both commercial and supervisory matters and therefore cannot be quarantined from supervisory activity or information. However, it is important that he does not inappropriately use his power to influence or direct the outcome of a supervisory matter for reasons that are not relevant to the supervisory issue.

5.2 The Board Regulatory Charter provides the opportunity for the Head of Supervision to escalate a matter to the Board in circumstances where there is a disagreement with the CEO in relation to a supervisory or conflict matter.

6. Breach of Regulatory Code of Conduct

- 6.1 Any employee becoming aware of the breach or potential breach of this Code, the *Personal Conflicts Policy* or of the *Share Trading Policy* is required to advise the Head of Supervision immediately.
- 6.2 In the case of potential breach by the Head of Supervision, notification is to be to the CEO.

ATTACHMENT 3: PERSONAL CONFLICTS POLICY

1. Introduction

NZX has a number of mechanisms in place to address conflicts of interest. These include the following:

- Separate supervision of NZX as a listed entity by the Special Division.
- The Regulatory Code of Conduct.
- Share Trading Policy.
- Associated Entity Protocol.
- Market Supervision staff conflicts policy (the subject of this note).

This note addresses NZX Market Supervision staff conflicts in the context of market supervision work. NZX recognizes that it is in NZX' long term business interests to ensure that it manages potential conflicts so that confidence in the markets is maintained at all times.

2. Duty To Declare Conflicts

When appointed as either the lead solicitor or lead participant compliance team member for the purposes of considering an application (whether that be an application for designation as a market participant, listing or waiver or ruling under any of NZX's rules) or when volunteering for a division for the purpose of considering an application, staff should declare any conflict or possible conflict they have to either their Business Leader or the Head of NZX Regulation. The decision on whether that conflict should disqualify the individual from joining the division will be made by the relevant Business Leader or the Head of NZX Regulation.

3. TYPES OF CONFLICT

The main form of conflict to be aware of is the holding of securities of a Listed Issuer or holding an account with a participant. Any holdings in securities Listed on any of NZX's markets must be disclosed as must accounts with market participants.

There are a number of other types of conflict which may arise. These may include relationships with key individuals in issuers or participants. The main question to be asked in considering whether a conflict exists is whether there is a personal relationship or interest that could be perceived to influence an individual's view in respect of the subject of an application.

4. CONFLICTS REGISTER

Staff should declare any holdings of securities and accounts held with market participants and conflicts in the conflicts register. Each member of staff should update the register when a new conflict arises. From time to time NZX will seek written declarations from market supervision staff that the conflicts register is full and correct.

CONTACT DETAILS:

Full Name

Staff position

CONFLICTS AND INTERESTS:

Listed Issuers and Participants in which I have a Financial Interest	
Participants with whom I hold accounts or from whom I have received services	
Listed Issuers or Participants with whom I am otherwise interested, related or have a conflict that would or may be perceived to preclude me from acting impartially and nature of conflict (e.g. friend or relative employed by issuer or participant)	

ATTACHMENT 4: ASSOCIATED ENTITY PROTOCOL

1. Applicability

- 1.1 This protocol adds to the obligations set out in the Regulatory Code and is applicable to all supervisory activity, decision-making and information relevant to an entity associated with NZX (except those already covered by the Special Division as Related Entities).
- 1.2 An associated entity for these purposes is either a listed entity or Participant in respect of which NZX has a material commercial or material competitive relationship in respect of its business activity⁶, e.g., NZX holds a stake in a company or operates in competition with the services provided by a company that is listed on NZX.
- 1.3 Each year the Head of Supervision will assess which issuers and participant's are subject to this Associated Entity Protocol. An assessment as to the applicability of this protocol will also be made at the time of listing of a new issuer or accreditation of a new market participant.

2. Safeguards

- 2.1 In these circumstances, it is of great importance that not only is the supervisory process impartial but that it be clearly seen as such. The following additional safeguards apply to the supervision of such entities:
- All associated entities falling within this protocol will be notified that additional safeguards will be adopted when dealing with them and they will be supplied with a copy of this protocol;
 - All supervisory decisions (except those which are time-critical – considered below) must be notified in advance to the Head of Supervision;
 - The Head of Supervision will review the proposed decision, verify that the correct process has been adopted in reaching the proposed supervisory decision and will authorise each such decision;
 - A detailed record will be made of the circumstances of the supervisory activity/decision and the way in which the supervisory process was adopted; and
 - This record will be made available to the NZSC during the course of its annual review of NZX.

3. Where proposed decision not authorized

- 3.1 Where the Head of Supervision does not agree with the process or outcome of the decision and does not authorise the decision, the following will occur:
- The Head of Supervision will explain the difference in position to the staff member proposing the decision;
 - The difference in position will be noted in the detailed record;
 - The decision of the Head of Supervision will prevail, unless the relevant staff member seeks to escalate the matter;
 - The relevant staff member may escalate the matter to the CEO or to a Board member, if he/she believes that an inappropriate supervisory decision is being made for reasons not connected with the supervisory process;

⁶ (except those already covered by the Special Division as Related Entities)

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- There will be no redress against the relevant staff member for any such escalation;
 - The CEO/Board member may overrule the decision of the Head of Supervision after discussion and support the original decision of the relevant staff member; and
 - Details of the process will be recorded as above.

4. Time Critical decisions

4.1 Certain supervisory decisions are time critical and must be taken immediately. For example, suspension of a company for non-disclosure or the application of a trading halt where the integrity of the market dictates this.

4.2 In these circumstances, where it would not be in the best interests of market integrity to take the time for the Head of Supervision to review the proposed decision, the supervisory decision may be taken immediately. The following will apply:

- As soon as practicable following the decision, the decision and the circumstances of this will be notified to the Head of Regulation, who will conduct the same review and verification of process as above;
- Where the Head of Regulation does not support the decision taken, the process is as above;
- Where the decision of the Head of Regulation prevails, the Head of Regulation may authorize any appropriate action to put the entity back into the position it would have been in had the supervisory action not been taken; and
- The same detailed records will be maintained as above.