

**NZFMA**

NEW ZEALAND  
FINANCIAL MARKETS  
ASSOCIATION



TE RŌPŪ MĀKETE PŪTEA O AOTEAROA

**CONSULTATION:**

**PROPOSED CHANGES TO THE NZFMA BUSINESS DAY DEFINITION  
AND ADOPTION OF A SINGLE FINANCIAL CENTRE CALENDAR FOR  
NEW ZEALAND'S WHOLESALE FINANCIAL MARKETS**

**7 DECEMBER 2023**



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## 1. Introduction

The New Zealand Financial Markets Association (NZFMA) is the industry association for institutional participants in New Zealand's wholesale over-the-counter financial markets.

The NZFMA coordinates documentation of industry accepted conventions that describe standard interbank practices in New Zealand's wholesale over-the counter financial markets.

NZFMA's market conventions:

- are intended to streamline interbank transactions in New Zealand's wholesale over-the-counter financial markets,
- are not legally binding,
- can be overridden by specifically negotiated terms, and
- do not override specific contractual terms, such as issuer documentation for specific debt securities and International Swaps and Derivatives Association (ISDA) documentation for certain derivative contracts.

NZFMA members are generally expected to observe and adhere to NZFMA's market conventions.

## 2. What are we consulting on

This purpose of this document is to gather feedback on:

- A. proposed changes to NZFMA's Business Day Definition that will **establish Auckland and Wellington Anniversary Day public holidays** (alongside all other regionally observed New Zealand public holidays) **as good business days** for the purposes of transacting and settling in New Zealand's wholesale over-the-counter financial markets from mid-2024, and
- B. proposed advocacy for changes to all relevant documents to create consistent recognition of a **single financial centre calendar** for New Zealand wholesale over-the-counter financial markets transactions and settlements.

## 3. How to provide feedback

Submissions on this consultation document can be provided by:

- Emailing NZFMA at: [submissions@nzfma.org](mailto:submissions@nzfma.org) with the subject line: NZFMA Business Day Definition, or
- Sending a letter to: NZFMA, PO Box, Wellington 6142, or
- Commenting on NZFMA's LinkedIn posts.

Submissions close at **5pm on Wednesday 31 January 2024**.

This consultation document contains eight questions. Responses to these questions are most useful if they indicate the specific question and/or paragraph to which they relate, provide a clear rationale and, where applicable, suggest an alternative. Please comment on any or all of the questions or any parts of the proposal that are relevant to you.

NZFMA will consider all comments and submissions received.

All submissions will be treated as confidential, however NZFMA may publish an anonymised summary of the submissions.



## 4. Key issues and proposals

NZFMA has engaged with a range of its members, and other interested parties, to identify the key issues with the current business day settings and gain initial consensus on the proposals.

### Key issues:

- lack of clarity and consistency across NZFMA's current business day convention documentation,
- inconsistent application of current business day conventions, primarily regarding transacting and settling on Auckland and Wellington Anniversary Day public holidays,
- operational and technology challenges arising from New Zealand's lack of alignment with other jurisdictions which all recognise and apply only one financial centre calendar per currency, and
- inconsistent recognition of financial centre calendars for New Zealand wholesale over-the-counter financial markets products. For example, Copp Clarke calendar currently identifies New Zealand as a single financial centre, whereas key ISDA documentation identifies two financial centres (Auckland and Wellington) for New Zealand.

### Key proposals:

- A. a new NZFMA's Business Day Definition will **establish Auckland and Wellington Anniversary Day public holidays** (alongside all other regionally observed New Zealand public holidays) **as good business days** for the purposes of transacting and settling in New Zealand's wholesale over the-counter financial markets **from mid-2024**, and
- B. NZFMA will undertake advocacy with all relevant stakeholders (for example with the International Swaps and Derivatives Association) to create consistent recognition of **a single financial centre calendar** for New Zealand wholesale over-the-counter financial markets transactions and settlements.

### *Proposal A: NZFMA Business Day Definition to establish Auckland and Wellington Anniversary Day public holidays as good business days.*

A new NZFMA Business Day Definition will establish Auckland and Wellington Anniversary Day public holidays (alongside all other regionally observed New Zealand public holidays) as good business days for the purposes of transacting and settling in New Zealand's wholesale over the-counter financial markets from mid-2024. NZFMA's current suite of conventions will be revoked or amended as necessary to align with the new definition.

The proposed **Draft NZFMA Business Day Definition**, as attached in the Appendix:

- A. defines a Business Day as:

***"A Business Day, for the purposes of transacting and settling in New Zealand's wholesale over-the-counter financial markets is any day, not being a Saturday, Sunday or a nationally observed New Zealand public holiday under the Holidays Act 2003."***

The proposed definition means all New Zealand public holidays that are observed provincially, but not nationally, (as defined in the Holidays Act 2003), including both Auckland and Wellington Anniversary Day public holidays, will be Business Days for the purposes of transacting and settling in New Zealand's wholesale over-the-counter financial markets.



Question 1:	Do you agree/disagree with the proposed definition of a Business Day, noting that under this definition both Auckland and Wellington Anniversary Days will be a Business Day?  <i>If you disagree, please explain why.</i>
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- B. clarifies the Business Day status of any future New Zealand public holiday that might be introduced at short notice, as follows:

***“Where the New Zealand Government has announced that it intends to legislate to create a nationally observed New Zealand public holiday at short notice, such as occurred in September 2022 for the Queen Elizabeth II Memorial Holiday, the NZFMA will issue a Market Notice confirming that the new nationally observed New Zealand public holiday date is not a Business Day for the purposes of transacting and settling in New Zealand’s wholesale over-the-counter financial markets.”***

Question 2:	Do you agree/disagree that the Draft NZFMA Business Day Definition should include a section that clarifies the Business Day status of any future New Zealand public holiday that might be introduced at short notice?  <i>If you disagree, please explain why.</i>
Question 3:	Do you agree/disagree that the Draft NZFMA Business Day Definition adequately clarifies the status of any future New Zealand public holiday that might be introduced at short notice?  <i>If you disagree, please explain why.</i>

- C. clarifies that the New Zealand Financial Benchmark Facility (NZFBF) will calculate and publish its financial benchmarks and closing rates on Business Days as defined in the Draft NZFMA Business Day Definition.

Question 4:	Do you agree/disagree that the Draft NZFMA Business Day Definition should include clarification that NZFBF will calculate and publish its specific financial benchmarks and closing rates on Business Days as defined in the Draft NZFMA Business Day Definition?  <i>If you disagree, please explain why.</i>
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- D. is proposed to come into effect by mid-2024 to:
- allow the 2024 Auckland and Wellington Anniversary Days to proceed under existing business day conventions; and
  - allow time for any system and documentation changes to be in place prior to the January 2025 Auckland and Wellington Anniversary Days.

Question 5:	Do you agree/disagree with the proposed effective date of mid-2024 for the Draft NZFMA Business Day Definition?  <i>If you disagree, please explain why.</i>
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Question 6:	Do you have any other comments or specific concerns or matters regarding the Draft Business Day Definition that are not captured by earlier questions?  <i>If so, please provide details.</i>
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**Proposal B: Consistent recognition of a single financial centre calendar for New Zealand wholesale over-the-counter financial markets transactions and settlements.**

NZFMA will undertake advocacy with all relevant stakeholders (for example with the International Swaps and Derivatives Association) to create consistent recognition of a **single financial centre calendar** for New Zealand wholesale over-the-counter financial markets transactions and settlements.

Question 7:	Do you agree/disagree that consistent recognition of a single financial centre calendar for New Zealand wholesale over-the-counter transactions and settlements is needed?  <i>If you disagree, please explain why.</i>
Question 8:	Are you aware of any documents that you believe NZFMA should target in the proposed advocacy for recognition of a single financial centre calendar for New Zealand wholesale over-the-counter financial markets transactions and settlements.  <i>If yes, please provide samples or links to any relevant documents.</i>

## 5. Next steps

Next Steps	Tentative Dates
1. Consultation opens.	7 December 2023
2. Consultation closes.	31 January 2024
3. Submissions collated and analysed by NZFMA in consultation with relevant NZFMA committees and working groups.	February / March 2024
4. NZFMA updates Draft NZFMA Business Day Definition document.	March / April 2024
5. NZFMA Board reviews the updated NZFMA Business Day Definition document.	April 2024
6. NZFMA prepares updates to all related convention documents.	May / June 2024
7. NZFMA issues a Market Notice confirming when the new NZFMA Business Day Definition will go live.	July / August 2024
8. Go live – a further NZFMA Market Notice is issued when the new NZFMA Business Day Definition and all related updated convention documents are posted on the NZFMA website.	July / August 2024



## 6. Appendix: Draft NZFMA Business Day Definition document

The New Zealand Financial Markets Association (NZFMA) is the industry association for institutional participants in New Zealand’s wholesale over-the-counter financial markets.

NZFMA coordinates documentation of industry accepted conventions that describe standard interbank practices in New Zealand’s wholesale over-the counter financial markets.

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NZFMA members are generally expected to observe and adhere to NZFMA’s market conventions.

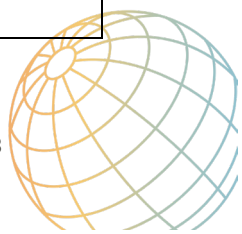
The NZFMA Business Day Definition should be used to determine if any day is a Business Day for the purposes of transacting and settling in New Zealand’s wholesale over-the-counter financial markets.

**A Business Day, for the purposes of transacting and settling in New Zealand’s wholesale over-the-counter financial markets is any day, not being a Saturday, Sunday, or a nationally observed New Zealand public holiday under the Holidays Act 2003.**

For further clarity:

- both Wellington and Auckland Anniversary Days are Business Days.
- the following nationally observed New Zealand public holidays (as defined in section 44(1)(a)-(j) of the Holidays Act 2003) are not Business Days:

New Year’s Day	1 January	and if it falls on a Saturday or Sunday, the following Monday.
2 January	2 January	and if it falls on a Saturday, the following Monday or if it falls on a Sunday or Monday, the following Tuesday.
Waitangi Day	6 February	and if it falls on a Saturday or Sunday, the following Monday.
Good Friday	being the Friday before Easter Sunday	where Easter Sunday is the first Sunday after the full moon date, based on mathematical calculations, that falls on or after March 21. If the full moon is on a Sunday, Easter Sunday is observed on the following Sunday.
Easter Monday	being the Monday after Easter Sunday	
Anzac Day	25 April	and if it falls on a Saturday or Sunday, the following Monday
The birthday of the reigning Sovereign	is observed on the first Monday in June	



Matariki Observance Day	the day on which a public holiday is observed to acknowledge Matariki	See <a href="#">Schedule 1 of Te Ture mō te Hararei Tūmatanui o te Kāhui o Matariki 2022/ Te Kāhui o Matariki Public Holiday Act 2022</a> for Matariki public holiday dates to 2052
Labour Day	being the fourth Monday in October	
Christmas Day	25 December	and if it falls on a Saturday or Sunday, the following Monday
Boxing Day	26 December	and if it falls on a Saturday, the following Monday or if it falls on a Sunday or Monday, the following Tuesday

Where the New Zealand Government has announced that it intends to legislate to create a nationally observed New Zealand public holiday at short notice, such as occurred in September 2022 for the Queen Elizabeth II Memorial Holiday, the NZFMA will issue a Market Notice confirming that the new nationally observed New Zealand public holiday date is not a Business Day for the purposes of transacting and settling in New Zealand’s wholesale over-the-counter financial markets.

The New Zealand Financial Benchmark Facility (NZFBF) will calculate and publish its specific financial benchmarks and closing rates on Business Days as defined in this document.

