



## ANALYSIS

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1981, No. 43

**An Act to amend the Sharebrokers Act 1908**

[14 October 1981

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Sharebrokers Amendment Act 1981, and shall be read together with and deemed part of the Sharebrokers Act 1908 (hereinafter referred to as the principal Act).

(2) Subject to subsection (3) of this section, this Act shall come into force on a day to be appointed by the Governor-General by Order in Council.

(3) This section and sections 7 (4) and 10 of this Act shall come into force on the day this Act receives the Governor-General's assent.

*New Zealand Stock Exchange*

**2. Interpretation**—In this Act, unless the context otherwise requires,—

“Securities” includes—

(a) Shares, debenture stock, bonds, or notes, issued by a company:

(b) Shares, debenture stock, bonds, or notes, that are issued by a body corporate (other than a company) :

(c) Interests in unit trusts (as defined in section 2 (1) of the Unit Trusts Act 1960) :

(d) Public securities (as defined in section 2 (1) of the Public Finance Act 1977) :

(e) Debentures or stock issued under the Local Authorities Loans Act 1956 :

“Trading exchanges” means the Auckland Stock Exchange, the Wellington Stock Exchange, the Christchurch-Invercargill Stock Exchange Limited, and the Dunedin Stock Exchange.

### **3. Establishment of New Zealand Stock Exchange—**

(1) There is hereby established a body to be called the New Zealand Stock Exchange.

(2) The New Zealand Stock Exchange shall be a body corporate with perpetual succession and a common seal, and shall be capable of acquiring, holding, and disposing of real and personal property, and employing staff, and of suing and being sued, and of doing and suffering all such acts and things as bodies corporate may do and suffer.

(3) The New Zealand Stock Exchange shall be the successor of the Stock Exchange Association of New Zealand and the 4 trading exchanges, and, on the commencement of this Act,—

(a) The Stock Exchange Association of New Zealand and each of the 4 trading exchanges shall cease to operate as stock exchanges and shall cease to be registered under the principal Act:

(b) The real and personal property, rights, contracts, engagements, authorities, duties, and liabilities of the Stock Exchange Association of New Zealand and the 4 trading exchanges shall vest in the New Zealand Stock Exchange:

(c) All actions, arbitrations, and proceedings and all causes of actions, arbitrations, and proceedings by or against the Stock Exchange Association of New Zealand and the 4 trading exchanges shall not abate, but may be continued by or against the New Zealand Stock Exchange:

(d) Disciplinary proceedings against a member of any of the 4 trading exchanges begun but not completed

shall be completed by the New Zealand Stock Exchange in accordance with the rules of the Stock Exchange Association of New Zealand and, where applicable, the relevant trading exchange as in force immediately before the commencement of this Act:

- (e) Every employee of the Stock Exchange Association of New Zealand and the 4 trading exchanges shall become an employee of the New Zealand Stock Exchange on the same terms and conditions of employment as applied immediately before the commencement of this Act:
- (f) Those securities listed on the 4 trading exchanges immediately before the commencement of this Act shall be listed for the time being on the New Zealand Stock Exchange:
- (g) Every reference to the Stock Exchange Association of New Zealand or any of the 4 trading exchanges in any enactment or document whatever shall, unless the context otherwise requires, be read as a reference to the New Zealand Stock Exchange.

#### **4. Functions and powers of New Zealand Stock Exchange—**

- (1) The functions of the New Zealand Stock Exchange are—
  - (a) To operate a national stock exchange, which may be wholly or in part operated through the establishment of regional stock exchanges:
  - (b) To promote and specify the conditions and terms for the listing and trading of securities on its exchange:
  - (c) To regulate and promote uniformity in the conduct of its members and of business by its members:
  - (d) To promote the interests of its members and members of the public in relation to the listing, trading, underwriting, and marketing of securities.
- (2) The New Zealand Stock Exchange shall have all such powers as are reasonably necessary or expedient to carry out its functions.

**5. Contracts of New Zealand Stock Exchange—**(1) Any contract which, if made between private persons, must be by deed shall, if made by the New Zealand Stock Exchange, be in writing under the seal of the New Zealand Stock Exchange.

(2) Any contract which, if made between private persons, must be in writing signed by the parties to be charged therewith shall, if made by the New Zealand Stock Exchange, be

in writing either under the seal of the New Zealand Stock Exchange or signed by any person acting on behalf of and under the express or implied authority of the New Zealand Stock Exchange.

(3) Any contract which, if made between private persons, may be made orally may be made in the manner specified in subsection (1) of this section as in the case of a deed, or in the manner specified in subsection (2) of this section as in the case of a contract required to be in writing, or may be made orally by or on behalf of the New Zealand Stock Exchange by any person acting under the express or implied authority of the New Zealand Stock Exchange.

(4) Notwithstanding anything in the foregoing provisions of this section, no contract made by or on behalf of the New Zealand Stock Exchange shall be invalid by reason only that it was not made in manner provided by this section, if it was made pursuant to a resolution of the New Zealand Stock Exchange or to give effect to a resolution of the New Zealand Stock Exchange in relation to contracts generally or in relation to that particular contract.

#### **6. Protection of name of New Zealand Stock Exchange—**

(1) Except for the New Zealand Stock Exchange established by this Act, it shall not be lawful for any body or person or association of persons to use or to incorporate or register under any style or title of which the words “New Zealand Stock Exchange” form the whole or part thereof or any other style or title that so resembles those words as to be calculated to deceive.

(2) Every person who fails to comply with this section commits an offence and shall be liable on summary conviction to a fine not exceeding \$100 for each day or part of a day during which the offence continues.

#### **7. Rules of New Zealand Stock Exchange—**(1) The New Zealand Stock Exchange shall make rules for the conduct of its members and for the conduct of business on its exchange.

(2) Without limiting the provisions of subsection (1) of this section, the rules of the New Zealand Stock Exchange shall provide for the following matters:

- (a) The manner in which a person may become and cease to be a member of the New Zealand Stock Exchange:
- (b) The terms and conditions on which a member may operate on its exchange or on a regional exchange:

- (c) The manner in which the rules may be amended:
- (d) The manner for summoning and holding general meetings and voting thereat:
- (e) The appointment and functions of officers, committees, councils, and other administrative organs considered necessary or desirable:
- (f) The control and use of its common seal:
- (g) The control and investment of funds:
- (h) The powers, if any, to borrow money:
- (i) The rates of brokerage for the transfer of securities:
- (j) Disciplinary procedures, including the imposition of penalties where appropriate:
- (k) The establishment of a fidelity guarantee fund.

(3) All rules made by the New Zealand Stock Exchange, or any amendments thereto, shall not come into force until they are approved by the Governor-General in Council and published in the *Gazette*.

(4) The Stock Exchange Association of New Zealand may make rules for and in anticipation of the establishment of the New Zealand Stock Exchange and such rules, when approved by the Governor-General in Council and published in the *Gazette*, shall, on the establishment of the New Zealand Stock Exchange, be the rules for the time being of the New Zealand Stock Exchange and be binding on the members of the New Zealand Stock Exchange, subject to amendment pursuant to subsection (3) of this section.

**8. Bylaws of regional stock exchanges—**(1) Where the New Zealand Stock Exchange operates through a regional exchange, the members entitled to transact business on such exchange may, with the prior approval of the New Zealand Stock Exchange, make bylaws for the conduct of members and of business in relation to that exchange, subject to and not inconsistent with the rules of the New Zealand Stock Exchange.

(2) The bylaws of any regional stock exchange and any amendments thereto shall come into force on publication in the *Gazette*.

**9. Deposit and availability of rules and bylaws—**(1) Two copies of all rules and bylaws made under section 7 and section 8 of this Act shall be deposited with the Secretary of Justice within 14 days of their coming into force.

(2) A copy of the rules and bylaws made under section 7 and section 8 of this Act shall be available for public inspection free of charge at the offices of the New Zealand Stock Exchange and every regional exchange.

**10. Issue of licences—**(1) The principal Act is hereby amended by repealing section 4, and substituting the following section:

“4. (1) Every person who desires to obtain a sharebroker’s licence shall make application for the licence to the District Court nearest by the most convenient route to the place named in the application as the place of business or principal place of business of the applicant.

“(2) Every such application for a licence shall be heard by a District Court Judge exercising jurisdiction in the Court in which the application is filed; and the District Court Judge, if satisfied that the applicant is a fit person to be the holder of a sharebroker’s licence, shall, on payment of a fee of \$100, grant to the applicant a sharebroker’s licence.

“(3) Such licence shall, unless sooner cancelled, continue in force until the 31st day of December then next, and may be renewed from year to year by the Registrar of the Court in which the licence was granted, on payment of a fee of \$100:

“Provided that where one member of a firm of partners carrying on business as sharebrokers has obtained the renewal of his sharebroker’s licence, for any year, every other member of the partnership firm who is carrying on business exclusively in the same locality shall be entitled to a renewal of his licence on payment of a fee of \$30.

“(4) The amount of any fee which is payable under subsection (2) or subsection (3) of this section may be amended from time to time by the Governor-General by Order in Council.”

(2) The following enactments are hereby consequentially repealed:

(a) Section 52 of the Finance Act 1930:

(b) Subsections (1) and (2) (a) and (b) of section 2 of the Sharebrokers Amendment Act 1957:

(c) The Sharebrokers Amendment Act 1967.