

*The Sharebrokers Act, 1908.—Amendments to the Rules of the Stock Exchange Association of New Zealand.*

Head Office, Stamp Duties Office,  
Wellington, 30th August, 1939.

**H**IS Excellency the Governor-General in Council has been pleased to approve of the following amendments to the rules of the Stock Exchange Association of New Zealand.

H. G. R. MASON,  
For the Minister of Stamp Duties.

STOCK EXCHANGE ASSOCIATION OF NEW ZEALAND.

*Rule 13:* Alter first sentence to read:—

The financial year of the Association shall end on the 31st October, and the annual meeting of the committee shall be held not later than the month of February, at a date to be appointed by the President of the Association.

*Rule 13:* Add the following new rule as subsection (a):—

The financial year of the Metropolitan Exchanges shall end on the 31st October in each year and the annual meetings shall be held not later than the month of January.

*Rule 29:* Alter first and second sentences to read:—

The annual subscription of each affiliated exchange shall be a sum equal to 30s. *per capita* for each member on the roll on the 31st day of October in each year, and shall be due and payable in three instalments of 10s. each, *per capita*, on the first days of November, February, and May in each year. If payment of any instalment is not made within one month of due date a fine of 10 per cent. per month from due date will be due and payable.

*Rule 35:* Alter to read:—

A member or a country member shall have one place of business only: Provided always that a member or members who, prior to the 24th day of November, 1937, regularly carried on a branch office or offices shall be entitled to continue such branch office or offices if the partner in charge of each branch office is or forthwith becomes a duly elected member or country member of a Metropolitan Exchange.

*Rule 36:* Delete the last sentence reading:—

This shall not apply to existing membership of a company by an existing member.

*Rule 38:* Add at the end:—

Nothing in this rule shall prohibit a member from executing a *bona fide* order to buy or sell for or on behalf of an Investment Trust Company.

*Rule 49:* Amend by adding to the end thereof:—

“ . . . or with the approval of the committee of their exchange for organizing the marketing of existing shares in companies the shares of which are not on the official list.”

*Rule 81:* Add after first sentence:—

Provided always that where a minimum marketable parcel is bought and no conditions are agreed upon at the time of sale it shall not be obligatory for the seller to deliver more than one transfer where the provisions for marking transfers in New Zealand are not effective.

*Rule 106 (h):* Add at the end:—

Except with the consent of the executive.

*Rule 120:* Add at the end of first sentence:—

Unless the prospectus has been passed by another Metropolitan Exchange affiliated to the Stock Exchange Association of New Zealand.

*Rule 129:* Members' books of accounts and records:—

Members shall keep books and records for the purpose of recording their transactions in a form that will enable an auditor to supply the information required by rule No. 130, relating to the audit of members' books.

The committee regard the following books and records as sufficient for the purpose of this regulation:—

1. Bought and sold books, in which must be recorded the name of the buyer and seller respectively of every transaction.
2. Cash book, in which must be entered every amount paid or received.
3. Journal or system of books fulfilling the function.
4. Scrip-register, in which shall be entered all securities coming into the office, and showing disposal of same.
5. Ledger or ledgers, showing transactions—
  - (a) With clients;
  - (b) With brokers;
  - (c) In respect of nominal or personal accounts.

*Rule 130:* Audit of members' books.

When notified by the committee of his exchange, a member shall within the time specified in such notification supply to the chairman a certificate of audit and report from a practising public accountant who, failing appointment by mutual consent between the member and the committee, may be appointed by the committee. The certificate and report shall deal with the following financial matters:—

1. Balance date.
2. Have all books and records required for the purpose of this certificate been regularly and properly kept?
3. Have any securities held for safe custody been pledged in any way?
4. Were all securities held for safe custody examined?
5. If clients are financed, does the market value of the securities held cover the amount of the advance in each case?
6. Were all securities lodged by the clients for sale and securities purchased for clients and paid for by them held unencumbered?
7. Did the market value of assets (excluding value of seat) as shown by the books, exceed the member's commitments at balance date?
8. Were the assets taken into account readily realizable?
9. Does the statement of assets include private assets not usually included with business assets?
10. Are there any contingent liabilities and, if so, of what amount?  
(NOTE.—Under this heading, a full report must be furnished of any oversold position.)
11. Are there any other matters or circumstances which in the auditor's opinion, affect the financial position of the member?
12. Has all necessary information been available to enable this certificate to be given?

*Rule 131:* Production of members' books, &c.

The committee of an exchange, in addition to the powers conferred by rule 98, shall have full and absolute power at any time to call upon any member to produce forthwith, for inspection by themselves or their duly appointed representatives, all books, letters, telegrams, or copies thereof, and other documents relating to his business of a share-broker; and they may also require members and their clerks to appear before the committee or their duly appointed representatives at any time, and to give such information as may be required in connection with such business.

*Rule 109 (a):* Add the following:—

1. A member shall not be a shareholder in, or a director of, any limited liability company which—
  - (a) Represents to the public that it carries on the business of stock and sharebrokers;
  - (b) Makes use in the conduct of its business of share-hawking or other similar methods discountenanced by the committee for the sale or disposal of stocks, shares, debentures, bonds or other securities.
2. A member shall not knowingly transact business for or on behalf of any such company.
3. A member shall not knowingly transact business for or on behalf of any registered sharebroker who is not a member of a stock exchange affiliated to the Stock Exchange Association who, in the opinion of the committee advertises stocks, shares, debentures, bonds, or other securities for sale or purchase, or advertises in any manner other than that permitted under the rules of the association.
4. A member shall not without the consent of the committee of his exchange act as broker or underwriter for a company in conjunction with anyone other than a member of a recognized stock exchange acting in a similar capacity.
5. A member shall not permit his name to appear as a broker, or underwriter in connection with the flotation of any company or any issues of shares or other securities where it is advertised that such issues are underwritten or co-underwritten or in any way organized by others than members of recognized stock exchanges, unless such underwriters or co-underwriters or organizers have been approved by the committee of his exchange.

Approved in Council—

C. A. JEFFERY,  
Clerk of the Executive Council.

(30/8/39.)