

subject to the purchaser being duly elected. The exercise by the Committee of the power contained in this rule shall supersede all other rights of transfer of membership. The proceeds of the sale of membership shall be held by the Committee and be distributed in the same manner as the asset value of a membership interests forfeited to the Exchange on the insolvency of a member.

62. On the sale of a membership interests by the Committee whether under rule 61 or otherwise the purchaser shall apply for admission in the following form:

To The Secretary of the Auckland Stock Exchange.

Sir,

Having purchased from the Committee of the Auckland Stock Exchange the membership interest of ..... for the sum of \$..... I am desirous of being admitted a member of the Auckland Stock Exchange, upon the terms of and under and subject in all respects to its rules and regulations which now are or hereafter may be for the time being in force.

I have read the rules as at this date and am willing to sign them when called upon to do so.

I am etc.,

#### *Interest in Assets*

63. Members who resign or cease to be members from any cause whatever or persons claiming through them or the executors or administrators of any deceased member shall have no claim on the assets of the Exchange save as is provided hereunder in this rule.

Upon the acceptance of the resignation of any member or upon the death of any such member or upon his ceasing to be a member pursuant to rule 57 relating to mentally defective members he or his legal representatives shall be entitled subject to the provisions of these rules to receive from the Exchange the assets value of his membership interest. Such value shall be the sum of money the member would have received if immediately before ceasing to be a member the tangible assets of the Exchange had been sold at the fair market price thereof and after its debts and liabilities had been paid or satisfied the surplus had been distributed equally amongst the then members.

The Exchange shall fix the asset value and in doing so may have regard to any valuation of securities held by the Exchange and the book value of furniture and fittings but in all cases the decision of the Exchange as to the asset value shall be final and conclusive. In lieu of paying cash the Exchange may satisfy any sum payable by transferring any shares debentures bonds or like securities to the person or persons entitled at the market value thereof at the time of transfer or delivery such market value being the value of the securities as quoted on the Exchange or if not quoted then as fixed by the Exchange.

The Exchange shall be entitled to deduct from the sum payable under this rule any amount of any nature due by the member in respect of whom the sum is payable whether to the Exchange the Chairman or to any other member and any further amount which the Committee may think necessary or equitable to adjust any claims whatsoever that may arise out of his membership.

Where a resigning member or his legal representatives have exercised the right under these rules to nominate a candidate and such candidate has been elected then no sum shall be due under this rule to the resigning member or his legal representatives but he or they shall be deemed to have assigned to the newly elected member the asset value of the membership interest in respect of which the newly elected member was nominated.

Any decision to be made by the Exchange under this rule shall be made by or pursuant to a resolution passed at a general meeting. This rule shall not affect the right of the Exchange to make donations and otherwise deal with its funds in as full and unrestrictive a manner as if this rule had not been adopted.

#### *Defaulters*

64. Where in the opinion of the Committee a member is under financial stress and is likely to have difficulty in meeting his liabilities or in the Committee's opinion other circumstances require the prompt suspension of the member from trading the Committee may immediately temporarily suspend such member from membership of the Exchange for such limited period as the Committee in its absolute discretion thinks fit. The Committee may exercise this power of temporary suspension without calling on or hearing the member involved.

65. A member shall be declared a defaulter by the Committee if he has committed an act of bankruptcy or is insolvent or in the opinion of the Committee the member is in difficulties and has failed or is likely to fail to meet his liabilities and upon such declaration being made the defaulting member shall be automatically suspended from all trading and from the exercise of all rights of membership of the Exchange and notice of the name of the defaulter shall be given forthwith to all members.

66. Where any member has failed to pay when due any debt incurred by him to another member the Committee may suspend such member for such period as it thinks fit and may also censure fine or recommend the member for expulsion. Should the Committee decide to recommend the member's expulsion they shall report accordingly to the members at a Special General Meeting called for that purpose. It shall be competent for the said Special General Meeting to confirm the Committee's recommendation and expel the member so brought before them or deal with him by fine or suspension from membership.

67. The Committee shall have power to order that all open transactions including time bargains between any member declared a defaulter and other members shall be closed within a time to be named by the Committee. Such transactions shall be closed accordingly by the Chairman buying or selling in the market on account of the defaulter such stocks or shares as he may have contracted to sell or purchase. The Chairman shall charge current rate of brokerage to the defaulter and such brokerage shall be the personal property of the Chairman. Members shall without delay render full statements of account to the Committee.

68. In case any member shall make default in payment of any amount payable to any other member the last mentioned member shall give notice in writing of such default to the Chairman or in his absence to the Vice-Chairman within 24 hours after such default.

69. The Committee shall have power to investigate the accounts of members with a member in default and to reject or require the correction of any items which they may deem unsatisfactory.

70. Members who are creditors of a member in default shall have a preferential claim on all surpluses in the hands of other members resulting on the closing of transactions open at the time of default and also on all moneys which may become payable to a member in default out of funds in the hands of the Committee from the estate of another member in default. All surpluses in the hands of members resulting on the closing of open transactions with a member in default shall be paid to the Committee.

71. The Committee shall distribute as soon as possible amongst members creditors of the member in default the surpluses received from other members on his account and all moneys due to him out of funds in the hands of the Committee from the estate of another member in default.

#### *Forfeiture on Expulsion or Insolvency*

72. Any member who is expelled from the Exchange shall forfeit to the Exchange all interest whatsoever in his membership. Any member who is found by the Committee to have become insolvent or to have been adjudicated bankrupt or to have assigned his estate for the benefit of or to have compounded with his creditors shall upon such finding by the Committee cease to be a member and shall forfeit to the Exchange all interest whatsoever in his membership. Upon such forfeiture for expulsion insolvency or otherwise the member shall cease to have any claim whatever on or to the property or funds of the Exchange. The Exchange shall fix the asset value of the membership interest of such member as at the date of forfeiture of membership and upon such value being fixed the Committee shall apply the sum of money representing the asset value of the membership interest in the following manner; first in payment to the Exchange of a sum equal to the transfer fee that would have been due had the seat been sold and of any subscription fine or other liability owing to the Exchange by the former member, secondly in payment of the claims of any member or members who at the time of such forfeiture were creditors of the former member, and thirdly in paying any balance to the former member or his personal representatives or assigns or widow or next of kin as the Committee in its discretion shall fix and the decision of the Committee as to the person or persons to whom the balance be paid shall be final and binding on all persons. The Exchange may also authorise the Committee to sell the membership interest of the former member and the proceeds received by the Committee from such sale over and above the asset value of the membership interest as fixed as at forfeiture shall be dealt with as the Exchange directs. A member who has forfeited his membership may in special circumstances be reinstated by a ballot of members