

New Zealand Stock Exchange Association Rules

4. All persons who are members or non-member partners at the date of adoption of these rules and all persons subsequently making application for membership or approval as non-member partners shall be bound on election by the rules of the Stock Exchange Association of New Zealand and such rules will be deemed to be part of these rules.

Members

5. The number of members shall be limited to 30, exclusive of country members, or such other number as may be decided by members in general meeting.

6. Any licensed broker carrying on business at a distance of not less than 20 miles from the Christchurch Central Post Office may be elected a country member by this Exchange; provided that this Exchange is the nearest metropolitan Exchange to his place of business. A country member shall be elected annually and shall pay an annual fee payable in advance. The privileges of country membership shall expire on the 31st day of December of each year. Country members shall have the privilege of doing business with any member of any affiliated Exchange, but shall not be entitled or eligible to attend any meetings of the Exchange except as a guest, and shall not be entitled to vote or hold office or have any voice in the control, management, or affairs of the Exchange.

Such portion of these rules as deal with membership, management, meetings, election of members, interest in and transfer of membership and funds of the Exchange, shall not apply to country members unless otherwise specifically stated in the particular rule.

A country member shall be subject to the rules of the Exchange, and he shall be deemed to be on the roll of the Exchange. The election of country members shall be carried out in the same manner as prescribed in the case of ordinary members. New applicants for country membership shall pay an entrance fee.

7. A candidate for membership must, except as otherwise provided, make written application and pay the entrance fee. The application must be signed by two members of 12 months' standing as proposers. He must prove to the satisfaction of the Committee that he is able to discharge all his liabilities and make good, from his own means, deficiencies in any of his transactions to the extent of \$10,000 or such larger sum as the members may determine by resolution, or procure a guarantee to the satisfaction of the Committee. The Committee may thereupon, and not otherwise, submit the name of the candidate for election by the members. The name of the candidate shall be notified in writing to members at least 7 days before the day of election. The ballot shall be taken at a general meeting after such 7 days have expired.

8. The Committee may at any time call upon any member to satisfy it that he is still able to make good, from his own means, deficiencies in any of his transactions to the extent of \$10,000 or such larger sum as the members may determine by resolution, or procure a guarantee to the satisfaction of the Committee. Failure to satisfy the Committee of the requirements of this rule shall result in suspension or exclusion from membership.

No account shall be taken of the cost or value of the membership in arriving at the total of a member or applicant for membership's assets for the purposes of this rule and the preceding one.

Transfer of Membership

9. Any member may propose a candidate for membership in his stead, provided he at the time of such proposal lodge with the Secretary the resignation of his own membership. In the event of such candidate being rejected the member may again propose a candidate, until a candidate proposed by him shall be elected. Pending the election of a candidate proposed by him, the member shall retain his membership and all the privileges thereof; but as soon as a candidate proposed by him shall be elected the resignation of such member shall take effect.

10. The executors or administrators of any deceased member shall have the same privilege as that possessed by a resigning member of nominating a candidate, who may be proposed for membership in the place of the deceased member.

11. On transfer of a membership under these rules, notification of same shall be given to the Secretary in writing within 7 days.

12. The election of any candidate for admission to membership by virtue of his purchase of a membership from a member or the executors or administrators of a deceased member shall not be proceeded with until all claims, which

the Exchange or any member or members thereof may, under these rules, have or have had against the said member or deceased member, shall have been satisfied.

13. At any time after the resignation, retirement, or death of any member who is indebted to the Exchange, or to any member or members thereof, the Committee may sell and transfer the membership of the said late member, subject to the purchaser being duly elected. The Committee shall apply the proceeds in the first place, in payment of the amount due to the Exchange for any subscription, fine, or other liability owing by the late member; in the second place, in payment of the claims or the indemnification of any member or members who may, at the time of such resignation, retirement, or death, be creditors of the said member; and lastly, in payment of the balance, if any, to the resigning or retiring member, or the executors, or administrators of the deceased member, as the case may be.

14. The exercise by the Committee of the power contained in the preceding rule shall supersede all other rights of transfer of membership.

15. Candidates shall be elected by the members by ballot. One negative vote in five shall exclude. No ballot shall be valid unless at least one-third of the total members of the Exchange entitled to vote do actually vote. No rejected candidate shall be again proposed for election within the space of 12 months after his rejection.

16. The resignation of a member who does not at the time of lodging such resignation propose a candidate for membership in his stead, shall not take effect unless it be accepted by the Committee.

Deceased or Ex-Members have no Claim on Assets

17. Members who resign or cease to be members from any cause whatever, or the executors or the administrators of any deceased member, shall have no claim on the assets of the Exchange.

Forfeiture and Disposal of Interest in Membership

18. Any member expelled from the Exchange shall forfeit to the Exchange all interest whatsoever in his membership, and shall cease to have any claim whatever on, or to the property or funds of, the Exchange, and the Committee may, at their discretion, sell and transfer such forfeited membership, subject to the purchaser being duly elected.

19. The Committee shall apply the proceeds in the first place, in payment of the amount due to the Exchange for any subscription, fine, or other liability owing by the late member; in the second place, in payment of the claims or the indemnification of any member or members who may, at the time of such expulsion, be creditors of the said member; and the balance, if any, shall be disposed of as provided by these rules.

Rights and Privileges of Members—Personal

20. The rights and privileges of every member shall be personal to himself and shall not be transferable by operation of law nor by his own act except as provided in these rules.

Interest in Membership

21. Every member shall have an interest in his membership, but he shall have no power to, and shall not, encumber or assign the same by way of mortgage, and the Exchange shall have a preferential lien thereon for any debt or debts owing by the said member to the Exchange or to any member or members thereof.

22. Certificates of Membership shall be issued by the Committee, bearing the Official Seal of the Exchange and the signatures of the Chairman, Vice-Chairman, and Secretary. Each member shall sign a receipt acknowledging this Certificate to be the property of the Exchange. Every Certificate of Membership shall remain the property of the Exchange and the Committee shall be at liberty at any time to call for and compel its production and delivery. Any person ceasing to be a member shall, upon application by the Committee or by the Secretary, return his Certificate of Membership for cancellation.

23. Every member or country member and every approved non-member partner at the date of adoption of these rules shall be bound by these rules. Every candidate for election as a member or country member and every candidate for approval as a non-member partner shall, when making application for election or approval, agree in writing to be bound by these rules.

Non-Member Partners

24. If a member enters into partnership with any person who is not a member of the Exchange, then the member shall ensure that within 1 month after the formation of the partnership such partner as proposed for the approval of the