

*Amendment to Rules of the Stock Exchange Association of New Zealand*

PURSUANT to section 11 of the Sharebrokers Act 1908, the Governor-General in Council on 16 December 1974 approved the following amendments to the rules of the Stock Exchange Association of New Zealand.

## AMENDMENTS TO RULES

1. *Disciplinary Rules—Rules 51–69F*

It was resolved that Rules 51–69 inclusive be deleted and the following substituted:

## DISCIPLINE

*Disciplinary Committee*

51. (1) Establishment—A committee, to be known as the Disciplinary Committee of the Association, shall be appointed by the Council of the Association and shall consist of a barrister of not less than 7 years' practice who shall be chairman, and not less than two or more than seven members none of whom shall be a sitting chairman of an exchange, or a member of a local committee. The council may from time to time remove from office any member of the Disciplinary Committee or fill any vacancy in its membership or appoint any additional member within the limits set by this rule. No member who has attained the age of 70 years shall be eligible for appointment and a member of the Disciplinary Committee attaining that age shall retire from the Disciplinary Committee at the conclusion of the next annual meeting of the association and shall not be eligible for reappointment.

(2) Quorum—Subject to the proviso to Rule 52 (4) hereof, a quorum shall consist of the chairman and not less than two other members of the Disciplinary Committee.

52. (1) Functions—Without limiting or derogating from any other provisions of these Rules the Disciplinary Committee shall have power to inquire into any charge made against an exchange or a member and referred to it by the council, the executive, or a local committee or the chairman thereof.

(2) Appeals—Every appeal by a member from the decision of a local committee shall be heard and determined by the Disciplinary Committee and shall be by way of a complete re-hearing of the charge unless the Disciplinary Committee shall otherwise decide.

## (3) Members Concerned or Implicated—

(a) At the hearing of a charge against a member, no member of the Disciplinary Committee who is concerned or implicated in or whose firm is concerned or implicated in that charge shall be eligible to attend any meeting of the Disciplinary Committee called to inquire into the same;

(b) At the hearing of a charge against an exchange a member of the Disciplinary Committee who is a member of that exchange, or where the charge has been referred to the Disciplinary Committee by the council or the executive, is also a member of the council or the executive as the case may be, shall not be eligible to attend any meeting of the Disciplinary Committee called to inquire into the same.

(4) Penalties—If after inquiry into any charge, the Disciplinary Committee is of the opinion that the exchange or the member has been guilty of misconduct or of any breach of these rules or the rules of an exchange, or of any act, matter, or thing detrimental to the well-being or proper conduct of the association or exchanges generally it may, if it thinks fit, do one or more of the following things:

## (a) In the case of an exchange—

- (i) Cancel its membership of the Association;
- (ii) Suspend its membership for a stated period;
- (iii) Order it to pay to the association a sum by way of penalty not exceeding \$2,000; or
- (iv) Censure it.

## (b) In the case of a member—

- (i) Expel him from membership;
- (ii) Suspend his membership for a stated period;
- (iii) Order him to pay to the association a sum by way of penalty, not exceeding \$5,000; or
- (iv) Censure him.

Provided that except with the consent of the member or exchange charged, no order shall be made expelling or suspending a member or an exchange unless at least four members of the Disciplinary Committee including the chairman are present and majority vote in favour of the order.

53. Serious Offences—Where a member is charged with having been convicted of a crime involving dishonesty as defined by section 2 of the Crimes Act 1961 or any statutory modification

or re-enactment thereof, the charge shall not be heard by his local committee but shall be submitted by such local committee to the Disciplinary Committee for inquiry and action and for the purpose of this rule, proof of conviction may be given by a certificate containing the substance of the conviction purporting to be signed by the Registrar or other proper officer of any Court by which the offender was convicted.

54. Procedure—(1) The Disciplinary Committee shall give at least 10 days' notice in writing (or such lesser time than 10 days as may be agreed upon by the parties concerned) to the exchange or member against whom a charge has been made, specifying the nature of such charge and the date, place, and time of the meeting of the Disciplinary Committee called to consider that matter.

(2) At such meeting, the exchange or member concerned shall be given a reasonable opportunity of being heard in defence and shall be entitled to be represented by Counsel if such exchange or member so desires.

(3) Except as otherwise provided in these rules, the Disciplinary Committee shall regulate its own procedures.

55. Evidence—(1) The Disciplinary Committee by notice in writing signed by its chairman or secretary may require any person to attend and give evidence before it at the hearing of a charge and to produce for inspection all books, documents, and papers that are in his custody or under his control relating to the subject matter of any such hearing.

(2) The Disciplinary Committee may require evidence to be given either orally or in writing and may require any evidence to be verified by statutory declaration.

(3) Every member commits a breach of these rules who without lawful justification refuses or fails to attend and give evidence when required to do so by the Disciplinary Committee as aforesaid or to answer truly and fully any question put to him by a member of the Disciplinary Committee or to produce to the Disciplinary Committee any book document or paper required of him.

56. Interim Suspension—(1) At any time after a charge has been made against any member the Disciplinary Committee may of its own motion and without the necessity of giving any prior notice to the member, make an order suspending his membership until the charge has been heard and disposed of. The Disciplinary Committee may in its discretion decide to give public notice of the fact of interim suspension.

(2) The member in respect of whom any interim suspension order is made under this rule may at any time apply to the Disciplinary Committee for the revocation of the order and the Disciplinary Committee may, subject to Rule 54 (2) grant, on such terms as it thinks fit, or refuse any such application.

57. Revocation of Suspension—(1) A member who has been suspended may apply to the Disciplinary Committee for revocation of his suspension and the Disciplinary Committee may grant on such terms as it thinks fit, or refuse such application.

(2) The Disciplinary Committee may require as a condition of granting such application that the member pay, as well as his current year's subscription to his exchange, an additional amount not exceeding a year's subscription to the same exchange, together with the amount payable by a member to the Fidelity Guarantee Fund during the period of the applicant's suspension. The additional amount payable, except that part due to the Fidelity Guarantee Fund, shall be applied for the general purposes of the association.

58. Costs—After the hearing of any charge or application, the Disciplinary Committee may make such order as to costs (including the costs and expenses of and incidental to any investigation) as it thinks fit.

59. Enforcement—If any member fails within any time stated in an order of the Disciplinary Committee to pay any sum ordered to be paid by way of penalty or costs or expenses, the Disciplinary Committee may suspend that member until the sum is paid.

60. Report—The Disciplinary Committee shall forward to the association a report of every hearing and of every penalty imposed by it together with a recommendation as to publication of the name of the exchange or member.

61. Witnesses' Expenses—Every person (other than a member) giving evidence or attending to give evidence at a hearing by the Disciplinary Committee shall be entitled to tender of his proper travelling expenses before attending and every person (whether a member or not) giving evidence or so attending shall at the discretion of the Disciplinary Committee be paid such sum for his travelling and other expenses and loss of time as the Disciplinary Committee may determine. All witnesses' expenses shall be paid by the association and shall be recoverable in terms of any order that the Disciplinary Committee may make in relation thereto.