

Rules of the Christchurch Invercargill Stock Exchange Ltd.

PURSUANT to section 11 of the Sharebrokers Act 1908, the Governor-General in Council approved the following Rules of the Christchurch Invercargill Stock Exchange Ltd.:

RULES

Preliminary

1. In these rules the marginal note of any rule shall not affect its interpretation and unless the context requires—

“The Exchange” means the Christchurch Invercargill Stock Exchange Limited.

“In writing” and “written” include printing, lithography, and other modes of representing or reproducing words in a visible form.

“Month” means calendar month. Words importing the singular number include the plural number and vice versa. Words importing the masculine gender include the feminine gender. Words importing persons include firms and corporations.

“Association” means the Stock Exchange Association of New Zealand.

“Committee” means the committee of the Christchurch Invercargill Stock Exchange Limited.

“Member” means a member of the Christchurch Invercargill Stock Exchange Limited and includes a country member.

“Secretary” means the Secretary of the Christchurch Invercargill Stock Exchange Limited.

Constitution

2. The Exchange shall consist of members engaged in the sale of stock, shares, bonds, debentures, and other negotiable securities. Each member shall hold a sharebroker's licence under the Sharebrokers Act 1908. No member shall be a member of any other stock exchange, nor shall he be associated in any way directly or indirectly with a stock exchange that is not affiliated with the Association.

Objects

3. The objects and purposes of the Exchange are to provide, manage, and maintain a suitable building, room, or rooms for the promotion and facilitation of dealing in stocks, shares, bonds, debenture, and other negotiable securities; underwriting and company flotations; to promote just and equitable principles in the transaction of business; to provide education of the public; to adjudicate upon and settle controversies between its members; and to maintain uniformity in its rules and usages. The funds of the Exchange are to be applied only for the purposes and objects herein set forth.

Stock Exchange Association of New Zealand Rules

4. Every member and partner who has been approved under rule 16 of these rules shall be bound by the rules for the time being of the Association which rules shall be read together with and hereby deemed to be part of these rules. In the event of any conflict between these rules and the rules of the Association, the rules of the Association shall prevail.

Members

5. The membership of the Exchange shall be divided into two classes:

(1) Ordinary members who shall consist of—

(a) The metropolitan members of the Christchurch Invercargill Stock Exchange Ltd. as at the date these rules come into effect. Such members will pay no entrance fee.

(b) Non-member partners of metropolitan members of the Christchurch Invercargill Stock Exchange Ltd. as at the date these rules come into effect. Such members will not be required to be elected but will pay an entrance fee of \$300.

(c) The metropolitan members of the Invercargill Stock Exchange Ltd. who shall elect to join the Exchange as at the date these rules come into effect. Such members will pay an entrance fee of \$300.

(d) Country members of the Christchurch and Invercargill Stock Exchanges at the date these rules come into effect who qualify for ordinary membership under rule 41 of the Association and who elect to join the Exchange. Such members will be required to be elected by the membership in accordance with the provisions of rule 9 and if elected will pay an entrance fee of \$300.

(e) Country members resident within the territory of the Exchange who qualify for ordinary membership under rule 41 of the Association. Such members to be elected in accordance with the provisions of rule 9.

(f) Such other members as may be elected in accordance with the provisions of rule 9.

No ordinary member shall be in a sharebroking partnership with any person who is not an ordinary member of this Exchange.

(2) Country members consisting of members elected annually under the conditions specified in rule 47 of the Association.

6. The number of members shall be limited to 50, exclusive of country members, or such other number as may be decided by members in general meeting.

7. No member or group of members shall operate a branch office. No member or group of members shall transfer his or their area of business without the consent of the Committee.

8. A country member shall be elected annually and shall pay an annual fee in advance. The privileges of country membership shall expire on the 31st day of December each year. A country member shall not be entitled 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 for ordinary members.

9. A candidate for membership shall, 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. The candidate shall be interviewed by the Committee unless the Committee decides that Committee members have sufficient knowledge of the applicant. 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 \$20,000 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. Candidates shall be elected by the members by ballot and the ballot shall be taken at a general meeting held not less than 7 days after such notification. A one third negative vote shall exclude. Proxy votes under Rule 66 shall be permissible. No rejected candidate shall again be proposed for election within the space of 12 months after his rejection.

10. 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 \$20,000 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.

11. Any financial member wishing to resign shall tender his resignation in writing to the Secretary of the Exchange. No resignation of a member will be dealt with by the Committee unless he is financial and until a clearance of that member and his firm has been received from the Exchange Inspector.

Deceased or Ex-Members Have No Claim on Assets

13. A member who resigns or ceases to be a member from any cause whatever, or the executors or the administrators of any deceased member, shall have no claim on the assets of the Exchange.

Membership

13. The rights and privileges of every member shall be personal to himself and shall not be transferable by operation of law or by his own act.

14. 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 entitled at any time to call for