

and compel its production and delivery to the Committee. Any person ceasing to be a member shall, upon application by the Committee or by the Secretary, return his Certificate of Membership for cancellation.

15. Every member or country member and every approved country 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 country non-member partner shall, when making application for election or approval, agree in writing to be bound by these rules.

#### *Non-Member Partners*

16. If a country member enters into sharebroking partnership with any person who is not a country member of the Exchange, hereinafter called the non-member partner, then the country member shall ensure that within 1 month after the formation of the partnership such non-member partner is proposed for the approval of the Exchange by a ballot in the manner hereinbefore provided, as if such non-member partner were a candidate for admission to membership. In the event of such non-member partner not being approved by the Exchange, the country member shall dissolve the partnership with the non-member partner who has not been approved. Failing the dissolution of such partnership within 1 month after the taking of the ballot, the country member or members remaining in partnership with the non-member partner who has not been approved shall be deemed to have retired from the Exchange and to be no longer a member or members.

An approved non-member partner shall not be entitled to attend or vote at any general meeting of the Exchange. Every rule regulating or relating to transactions between members, or between members and non-members, or to the obligations of members to other members or non-members, or to the Exchange as to the conduct, business practice, or ethics of members, shall bind an approved non-member partner as if he were a member.

17. The members at a general meeting may, on the recommendation of the Committee, resolve to withdraw the approval of any non-member partner who has been guilty of conduct which, in the opinion of the Committee, would demand his expulsion if he were a member of the Exchange, and in such case the same consequence shall follow as if such withdrawal were a disapproval of that non-member partner by the Exchange on an original application for his approval.

#### *Authorised Clerks*

18. Without limiting the powers of a member under these rules, the Chairman or Vice-Chairman may grant permission to a member for a clerk in his service to attend the official meetings, for the purpose of making quotations and the purchase and sale of shares on behalf of such member and in his stead, but for no other purpose. Such authorised clerk shall be subject to the rules and usages of the Exchange, but shall not have a vote at any meeting, or any voice in the management of the Exchange. The Chairman or Vice-Chairman may withdraw the permission at any time.

19. A clerk so admitted to official meetings shall be deemed to be the agent of his employer, and the member on whose application he is admitted shall be responsible for all the transactions of the said clerk.

20. A clerk shall not be eligible for admission unless he be at least 20 years of age.

21. A member may, by a letter addressed to the Secretary, withdraw the authority to his clerk to act, but his responsibility shall continue until such withdrawal shall have been notified to the members in writing.

(a) If the clerk of any member commits any violation of any usage of the Exchange, or of the letter or spirit of these rules, the Committee, in addition to its powers over such member conferred by these rules, may at its discretion call upon such member to dismiss such clerk from his employment within such time as the Committee thinks fit.

(b) Without the permission of the Committee first had and obtained no member shall at any time during a period of 2 years from the date of a direction of the Committee under paragraph (a) of this rule employ any clerk dismissed by a member in accordance with its terms.

(c) Any member who is called upon under the provisions of this rule to dismiss any clerk, and who fails to do so within the time mentioned in the Committee's requisition, shall be liable to be dealt with by the Committee under the provisions of these rules.

(d) Before the Committee gives any direction under this rule, any member or employee of a member to whom the direction applies shall have a right to be heard by the Committee and may be represented at the hearing by his solicitor or counsel.

(e) Any decision by the Committee under this rule shall be subject to a right of appeal, by a member or his employee concerned, to the Disciplinary Committee of the Association.

#### *Defaulters*

22. The Committee shall suspend for such period as it shall think fit, and may also fine or recommend for expulsion, any member who shall be deemed to be a defaulter under the rules of the Association. 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.

A member who becomes insolvent or assigns his estate for the benefit of, or compounds with his creditors, shall *ipso facto* cease to be a member, and shall forfeit to the Exchange all interest in his membership and in the funds and property of the Exchange, notwithstanding that he may not be at the same time a defaulter on the Exchange.

No action whether by way of fine, suspension, or expulsion shall be taken against any member under this rule either by the Committee or by a special general meeting without first giving such member a reasonable opportunity to be heard in his own defence before the Committee or the special general meeting as the case may be, and he may be represented at the hearing by his solicitor or counsel.

23. 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.

24. A member shall not, without the consent of the Committee being first obtained, employ in his business a former member who has made default or who has been expelled from membership for any reason, unless such person shall have made an arrangement with his creditor satisfactory to the Committee.

#### *Members Clients-Failure to Meet Engagements*

25. Members clients shall pay for all stocks or shares purchased on their account before 2 o'clock on the day following the purchase, unless an agreement be made in writing to the contrary.

26. In the event of any person, not a member, failing to meet any engagement with a member of the Exchange, the member may apply to the Committee to have such person posted as a defaulter. The Committee shall inquire into the case and, if satisfied that such default has been made, shall post the said person and announce to the members that he is in default.

27. A member shall not transact business for a person who has been announced to the members as a defaulter, unless such person shall have made an arrangement with his creditor or creditors satisfactory to the Committee.

#### *Management*

28. The management of the Exchange shall be vested in a Committee consisting of the Chairman, Vice-Chairman, and two other members who shall be elected by the ordinary members as a whole. In addition there shall be one Committee member to be elected by the ordinary members resident in the Southland province, one to be elected by the ordinary members resident in the Canterbury province.

Such Committee shall have (subject to these rules) the direction and control of the affairs of the Exchange, and they shall forthwith provide a Common Seal for the Exchange and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and they may make regulations for the use and safe custody of the Common Seal, provided always that every instrument to which the seal shall be affixed shall be signed by at least two members of the Committee and countersigned by the Secretary or some other person appointed by the Committee.

29. The Committee may appoint sub-committees for general or specific purposes. Where there are more than four ordinary members in any centre the Committee may authorise the election by those members of a local committee which will be responsible for the administration of the Exchange's affairs in that area.