

- in respect of each type of business (other than sharebroking) engaged in by him each such bond to be in the sum of \$20,000 or such larger figure as the Executive may from time to time determine and such bond shall be in favour of or assigned to the Exchange provided that this Rule shall not apply in respect of any business where that person is already covered by a fidelity fund covering real estate agents or chartered accountants or by some other fidelity fund approved for the time being by the Executive.
- 24.05 Every member shall (except as provided in Rule 24.06) pay such annual contribution being not more than \$200 nor less than \$50 and such additional levy not exceeding \$200 in any one year, as may be fixed by the Executive but no member shall be required in the whole period of his practice as a stockbroker to pay additional levies under this rule totalling (including additional levies paid to the Stock Exchange Association of New Zealand) more than \$1,000. No person shall be entitled to a refund of any contributions or additional levies paid into the fund.
- 24.06 If at the beginning of any financial year the amount of the fund after deducting the amount of all unpaid claims and other liabilities outstanding is not less than \$250,000, the amount of the annual contributions payable in respect of that year may be reduced by the Executive but nothing herein shall be construed to limit the power of the Executive to fix any additional levy in respect of that year.
- 24.07 Subject to Rule 24.09, a person claiming to be entitled to reimbursement from the fund shall not be entitled to receive more than \$15,000 in respect of any loss suffered as a result of the acts or defaults of any one member or his firm.
- 24.08 Subject to Rule 24.09, the total amount payable out of the fund to meet claims (as limited by Rule 24.07) arising out of the inability of any member or his firm to meet the financial obligation of such member or his firm shall be limited to \$200,000 or such other amount as may be from time to time determined by the Council.
- 24.09 Subject to Rules 24.07 and 24.08, the Executive in its absolute discretion shall determine the extent (if any) to which any claim on the fund shall be met.
- 25.0 General**
- 25.01 Where any dispute arises or complaint or charge is being investigated or any decision is to be made as to which or any of which these Rules or the regulations made thereunder are silent, then such decision, complaint, or charge shall be dealt with and decision made in accordance with good sharebroking practice and where such exists in accordance with the established custom in New Zealand. The transaction out of which such dispute, complaint, or charge arises or in respect of which a decision is made shall be deemed to be a transaction to which these Rules apply. The Council shall be the sole judge as to what is good sharebroking practice in accordance with this Rule and where any ambiguity arises as to the meaning and effect of these Rules or the regulations made thereunder, shall be the sole judge as to the interpretation thereof.
- 26.0 Miscellaneous**
- 26.01 Odd lot dealers shall be appointed to deal with sales of parcels of shares not amounting to a marketable parcel as defined by or under these Rules. The operation of dealings in odd lots shall be prescribed by the regulations.
- 26.02 Where existing shareholders are given the right to apply for new shares, notes, debentures, or other securities offered to shareholders prior to delivery of shares sold for cash, members shall take such action as may be necessary or prescribed by the regulations to protect the rights of the buyers in respect of the securities so offered.
- 26.03 Members shall take such action as may be necessary or shall be prescribed by the regulations to protect the rights of buyers in respect of entitlements to dividends or interest and the Exchange may by regulation or otherwise lay down Rules for determining the respective rights of buyers and sellers in regard to dividends, interest or capital distributions and in regard to settlement procedures relating to matters affected by this Rule.
- 26.04 The Exchange may by regulation or otherwise make such provision as it thinks fit for dealing with the rights and obligations of buyers and sellers with regard to calls made on shares the subject of sale.
- 26.05 Securities transfers as defined by the Securities Transfer Act 1977 must be used for all transactions in New Zealand registered securities and the Exchange may determine, by regulation or otherwise, the procedures to be adopted with regard to the completion and processing of all such transfers.
- 26.06 The provisions of a certain agreement entered into with the Commissioner of Inland Revenue pursuant to section 51A of the Stamp and Cheque Duties Amendment Act 1977 are binding on the Exchange and regulations may be made to ensure that the provisions thereof are known to and binding on all members and to prescribe procedures to facilitate proper compliance with such Act and agreement.
- 27.0 Common Seal**
- 27.01 The Exchange shall have a Common Seal which shall be kept in the custody of the Executive Director and shall only be used by the authority of a resolution of the Executive and every instrument to which the Common Seal is affixed shall be signed by a member of the Executive and countersigned by the Executive Director or a second member of the Executive.
- 28.0 Financial**
- 28.01 Subject to any directions which may be given by the Council from time to time, the Executive shall have power to invest the funds of the Exchange in such manner as it shall think fit.
- 28.02 The Exchange shall have power to borrow or raise or secure the payment of money in such manner as the Executive may think fit and may for that purpose mortgage charge or otherwise encumber all or any of the assets of the Exchange.
- 28.03 The control of the funds of the Exchange shall be vested in the Executive.
- 28.04 The Executive may permit regional exchanges to control, invest and use such part of the funds of the Exchange as it thinks fit.
- 29.0 Amendment to Rules**
- 29.01 These Rules or any of them may be altered, by way of rescission, amendment, addition, or otherwise by a resolution passed by a three-fourths majority of the votes cast at an annual or special meeting of the Council.
- 29.02 No resolution for alteration of these Rules or any of them shall be submitted to a meeting of the Council unless the same has been proposed by the President or by the Executive or by the delegate of a regional exchange pursuant to a resolution passed by members thereof and unless notice in writing of intention to submit such resolution shall have been given to the Executive Director within sufficient time to enable him to give the notice referred to in Rule 29.03.
- 29.03 14 days' notice in writing of details of the proposed alteration shall be given by the Executive Director to members of the Council and to each regional exchange and each regional exchange shall before the meeting of the Council at which the resolution is to be submitted convene a meeting of its members to consider and vote thereon. Each such meeting of a regional exchange shall be deemed to be a remit meeting for purposes of these Rules.
- 29.04 No proposed alteration if rejected by the Council shall without the consent of the Executive be reconsidered by the Council for 6 calendar months.
- 29.05 Where a Rule is altered, no further alteration to the Rule shall, without the consent of the Executive, be considered by the Council for 6 calendar months.

P. G. MILLEN,
Clerk of the Executive Council.