

The New Zealand Stock Exchange Rules

PAUL REEVES, Governor-General

At Wellington this 10th day of March 1986

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to section 7 (3) of the Sharebrokers Amendment Act 1981, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby approves the following amendments to the Rules of the New Zealand Stock Exchange.

Rule 1: Insert the following rules:

- 1.01A "company" has the same meaning as in the Companies Act 1955.
- 1.01B "company member" means a member of the Exchange that is a company.
- 1.06A "individual member" means a member of the Exchange who is a natural person.
- 1.07A "personal place of business" means—
- (a) In relation to an individual member, the sharebroking office where the member ordinarily works; and
- (b) In relation to a company member, the registered office of that member.
- 1.12A "sharebroking firm" means a company member, or a partnership of individual members, or a member in practice as a sole trader.
- 1.12B "sharebroking office" means:
- (a) Any place from which a sharebroking business is conducted; and
- (b) Where used in relation to a member, any such place under the control of the member or of a partner, employee, or employer of the member.

Rule 1.07: Omit this rule and substitute the following rule:

"member" means a member of the Exchange and includes both individual members and company members, except where a contrary intention appears.

Rule 1.14: Omit this rule and substitute the following rule:

"References to a member's regional exchange shall mean the regional exchange to which the member belongs pursuant to Rule 9.02."

Rule 1.17: Omit this rule and substitute the following rule:

"Words importing one gender shall include the other genders."

Rule 3: Omit this rule and substitute the following rule:

- 3.0 *Membership*
- 3.01 Members shall consist of all persons who have become members pursuant to any rule for the time being in force and all persons admitted to membership as hereinafter provided.
- 3.02 Membership of the Exchange shall comprise the following classes:
- (a) Ordinary members who may be individual members or company members;
- (b) Country members who shall be individual members.
- 3.03 The committee of a regional exchange shall admit as a member of the Exchange a natural person who has applied for membership of the Exchange in accordance with Rule 4 if—
- 3.031 The person supplies satisfactory evidence to the effect that—
- 3.0311 He holds a sharebroker's licence; and
- 3.0312 His assets exceed his liabilities by such sum (not being less than \$50,000) as may from time to time be determined by the Executive for the purposes of this rule, and the Executive may accept a guarantee as part of a person's assets; and
- 3.0313 He has been employed full-time for a total of not less than 3 years in the 5-year period immediately preceding his application for membership in the sharebroking office of a member, or of a member of an overseas stock exchange recognised by the Exchange, or he can provide evidence of qualification or experience which the Executive may accept on the recommendation of the regional exchange either in reduction of the 3-year full-time employment requirement or in extension of the 5-year period; and

3.0314 He has obtained a pass in such examinations as the Council may from time to time prescribe; and

- 3.032 The person has been elected to membership in accordance with Rule 5.01.
- 3.04 The committee of a regional exchange shall admit as a member of the Exchange a company that has applied for membership in accordance with Rule 4 if—
- 3.041 The company provides satisfactory evidence to the effect that—
- 3.0411 The requirements of Rule 6.10 are met; and
- 3.0412 The company holds a sharebroker's licence; and
- 3.042 Each director of the company has delivered to the committee a statutory declaration stating that the requirements of Rule 6.10 are met and that the director will ensure that the company will abide by the Rules of the Exchange and the bylaws of the appropriate regional exchange.
- 3.05 A person shall cease to be a member—
- 3.051 If he shall have delivered his resignation in writing to his regional exchange and the Executive shall have accepted the same on the recommendation of the regional exchange (and no such recommendation or acceptance shall be withheld without good reason); or
- 3.052 On expulsion pursuant to Rule 20.0821.

Rules 4 to 6A: Omit these rules, and substitute the following rules:

- 4.0 *Application for Membership*
- 4.01 Application for membership shall be made in writing to the committee of the regional exchange within whose territory the applicant seeks to establish his personal place of business.
- 4.02 An application for ordinary membership shall state:
- 4.021 That the applicant agrees to be bound by the Rules of the Exchange and the bylaws of the appropriate regional exchange; and
- 4.022 That the applicant intends to engage in full-time (or substantially full-time) practice as a sharebroker; and
- 4.023 Evidence of the applicant's eligibility under Rule 3.03 or 3.04 as the case may be.
- 4.03 An application for country membership shall state:
- 4.031 That the applicant agrees to be bound by the Rules of the Exchange and the bylaws of the appropriate regional exchange; and
- 4.032 That the applicant intends to practice as a part-time sharebroker; and
- 4.033 Details of the applicant's present business, including the names and qualifications of any partners he may have; and
- 4.034 Evidence of the applicant's eligibility under Rule 3.03.
- 5.0 *Election to Membership*
- 5.01 A natural person who has completed an application for membership approved by the committee of a regional exchange may be elected to membership by a majority of not less than two thirds of the votes cast in a ballot of ordinary members belonging to that regional exchange pursuant to Rule 9.02.
- 5.02 The chairman of a regional exchange shall forward to the Executive every successful application which, in the case of an applicant who is a natural person, shall be duly certified as to the result of the ballot.
- 5.03 The chairman of a regional exchange shall report all unsuccessful applications (whether voted on or not) to the Executive.
- 5.04 The membership of a country member shall terminate upon 31 December each year unless prior to that date the committee of his regional exchange shall extend his membership for a further year.
- 6.0 *Conditions of Membership*
- 6.01 No member shall:
- 6.011 Enter into partnership with a person who is not a member for the purpose of carrying on a business which includes sharebroking unless the partner has first been approved by the member's regional exchange.