

chairman of the regional exchange receiving the application shall immediately advise the Executive Director of the full name of the applicant and the applicant's present employer and the Executive Director shall thereupon advise all members of the same details.

5.0 Admission to Membership

5.01 The Board shall establish a committee to be known as the membership committee which shall consider all applications for membership of the Exchange.

5.02 The Membership Committee shall consist of 4 individual members, plus one fulltime employee of the Exchange, all appointed by the Board and shall meet as required to consider applications for membership both from individuals and from companies. The quorum for a meeting of this committee shall be 3 persons and the Committee shall elect its own chairman.

5.03 All applications for membership shall in the first instance be directed to the Chairman of the regional exchange in whose territory the applicant intends to establish his principal place of business.

5.04 The regional exchange committee which receives an application for membership shall review it and satisfy itself that the appropriate requirements of sections 3.0, 4.0 and 6.0 of the Rules have been met. The application shall then be forwarded with an appropriate recommendation to the Membership Committee for its consideration.

5.05 A majority vote of the Membership Committee shall be needed to approve an application for membership. In the case of an equality of votes, the chairman of the committee shall have a second or casting vote.

5.06 An unsuccessful applicant for membership of the Exchange shall have the right of appeal against this decision and the Board shall establish a standing committee to be known as the Membership Appeal Committee, for this purpose.

5.07 The Membership Appeal Committee shall consist of three persons of suitable standing in the business community, at least one of whom shall be a member of the Exchange, and at least one of whom shall be a barrister or solicitor of not less than seven years standing currently in practice and the Membership Appeal Committee shall be chaired by the barrister or solicitor member.

5.08 Members of the Membership Appeal Committee shall be entitled to remuneration for all reasonable expenses incurred in the carrying out of their duties, at a rate to be determined by the Board.

5.09 Appointments to the Membership Appeal Committee shall be made by the Board and shall be for a maximum term of 3 years, provided that the Board may reappoint any member of this committee for a further term or terms.

5.10 The Board shall have power to review the membership of the Membership Appeal Committee at any time and shall have power to remove or replace any persons then serving upon any reasonable ground for doing so.

As examples of reasonable grounds but without in any way limiting the right of the Board to decide that a particular ground is reasonable a person may be removed and replaced who becomes of unsound mind or is declared bankrupt or makes any arrangement or composition with his creditors.

5.11 The quorum for a meeting of the Membership Appeal Committee shall be 3 persons.

5.12 The Membership Appeal Committee shall have the power to make any ruling regarding the costs of the appeal which it deems appropriate and it shall be a condition of any appeal that at the time the appeal is lodged the appellant gives an undertaking acceptable to the Membership Appeal Committee regarding the payment of costs in the event that they are awarded against him.

5.13 Both the Membership Committee and the Membership Appeal Committee may, in lieu of meeting, transact business by letter, facsimile, telex, telephone or any commonly used form of electronic communication and unless otherwise provided by these rules, both committees shall have the power to regulate their proceedings in whatever manner they deem appropriate.

6.0 Conditions of Membership

6.01 No member shall, in respect of his activities as a sharebroker, describe his occupation in any way other than as a member of the Exchange.

6.02 Except with the consent of the Board, no member shall be in any way associated with any group or association, whether incorporated or not, who are associated for the purpose of carrying out in New Zealand the objects of the Exchange or any of them. In considering any application for consent in relation to this provision, the Board shall have regard to the standing and reputability of the group or association and to the best interests of the Exchange and its members in furthering the objects of the Exchange.

6.03 At all times during the period of his membership:

6.031 Every individual member who does not have trading floor representation shall ensure that his assets exceed his liabilities by such sum (not being less than \$100,000) as may from time to time be determined by the Board for the purposes of this rule;

6.032 Every individual member who does have trading floor representation shall ensure that his assets exceed his liabilities by such sum (not being less than \$200,000) as may from time to time be determined by the Board for the purposes of this rule;

6.033 The Board may accept a guarantee as part of the member's assets.

6.04 Every member shall maintain accounting and other records of his sharebroking business separate and distinct from the accounting and other records of any other business in which he may be involved.

6.05 Every sharebroking firm shall, in respect of every individual member associated with that firm whether as a partner, director, shareholder, employee or otherwise, pay such fees, levies and other expenses as shall from time to time be fixed or incurred on behalf of such member by the Exchange or by his regional exchange. In addition, each individual member shall also be liable to pay such fees, levies or other expenses in the event that his firm is unable, through default or other financial difficulty, to make or complete the appropriate payment and the member's liability shall be limited to the amount owing and still unpaid. There may be differentiation as regards the amount of such fees, levies or other expenses as between different classes of membership, between company members, individual members who are not shareholders of company members, and individual members who are shareholders of company members and between individual members themselves, if in the opinion of the Board or the regional exchange, as the case may be, such differentiation is not unreasonable in the particular circumstances.

6.06 A member shall not change his regional exchange without first obtaining the consent of the Committees of both regional exchanges involved.

6.07 Every company member, and every individual member who is a director of a company member, shall ensure that at all times:

6.071 A majority of the directors of the company are individual members of the Exchange.

6.072 The issued and paid up share capital of the company is at least equal to the greater of:

6.0721 The sum of \$1,000,000; or

6.0722 If the company has trading floor representation,