

“prescribed level” shall have the meanings given to them in Regulations.

23A.032 The powers in Rule 8.24 (relating to the making of Regulations) shall, without in any way limiting the powers in that Rule, be deemed to extend to Regulations relating to the implementation of this Rule, including Regulations relating to the manner in which various types of assets are to be valued for determining net equity and liquidity positions, the inspection of the books of members and the supply by members of regular returns to an Inspector.

24.0 Fidelity Guarantee Fund

24.01 There shall be a Fidelity Guarantee Fund (“the fund”) for the purpose of meeting just claims from persons who have suffered pecuniary loss from a sharebroking transaction as a result of a member being unable to meet his financial obligations provided however that nothing in this Rule or the establishment and maintenance of the fund shall constitute a legal obligation to any such claimant.

24.02 The management of the fund shall be vested in and controlled solely by the Board which may in its absolute discretion constitute a Fidelity Guarantee Fund Committee to assist with such management. The Fidelity Guarantee Fund Committee shall be accountable to the Board and shall have such powers as the Board from time to time determines.

24.03 Every member who carries on whether alone or in partnership any business in addition to the business of sharebroking shall give security by bond (at such time for such amount and in such form as shall be determined by the Board) conditioned to secure the fidelity of such member.

24.04 Every member who is in partnership with any person who is not a member (whether or not such person is in the opinion of the Board actively engaged in sharebroking) shall (in addition to compliance with Rule 24.03) take out and maintain a bond to secure the fidelity of that person 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 Board 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 Board.

24.05 Every member shall (except as provided in Rule 24.08) pay such annual contribution and such additional levy as may from time to time be fixed by the Board, provided that the total amount of all contributions and additional levies paid by members in any one year shall not, in aggregate, exceed the sum of \$500,000 and the Board may differentiate between individual members and company members in setting the amount of any levy payable by either class of member. No person shall be entitled to a refund of any contributions or additional levies paid into the fund.

24.06 The Board shall also have the power to enter into any contract of insurance which may either supplement, replace or otherwise contribute to any payment made from the fund as a result of any just claim being met.

24.07 The premium for such insurance may at the complete discretion of the Board, be paid from the capital of the fund, the income of the fund, special levies upon members or upon market transactions or any combination thereof.

24.08 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 Board but nothing herein shall be construed to limit the power of the Board to fix any additional levy in respect of that year.

24.09 Subject to Rule 24.11, a person claiming to be entitled to reimbursement from the fund or any scheme of insurance related thereto shall not be entitled to receive more than \$20,000 or such greater amount as the Board may in its absolute discretion determine in respect of any loss suffered as a result of the acts or defaults of any one member or his firm.

24.10 Subject to Rule 24.11, the total amount payable out of the fund or any scheme of insurance related thereto, to meet claims (as limited by Rule 24.09) arising out of the inability of any member or his firm to meet the financial obligations of such member or his firm shall be limited to \$500,000 or such greater or lesser amount as may be from time to time determined by the Board.

24.11 Subject to Rules 24.09 and 24.10, the Board 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 Board shall be the sole judge as to what is good sharebroking practice in accordance with this Rule and subject to Rule 6.076 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 by or with official odd lot dealers 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.

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 be used only by the authority of a resolution of the Board and every instrument to which the Common Seal is affixed shall