

13. INTRODUCING BROKER MEMBERS – DISCIPLINARY ACTION

- 13.1 (a) Where the Board is satisfied that an Introducing Broker Member has been guilty of, or might reasonably be suspected of, misconduct, it shall convene a meeting of the Board in accordance with sub-clause (b) of this clause at which the Introducing Broker Member shall be entitled to be present and offer an explanation, and pending the holding of such a meeting the Board may by unanimous resolution order the Introducing Broker Member not to trade in futures or options contracts or in a specific class or classes of futures or option contracts, or not to trade in a particular futures or option market or markets, whether in New Zealand or elsewhere.
- (b) The meeting shall be held within fourteen days after the passing of a unanimous resolution under sub-clause (a), if one shall have been passed, or otherwise within twenty-eight days of the Board's decision to convene the meeting, and the Exchange shall cause notice of such meeting to be sent to the Introducing Broker Member concerned appointing a time and place for the meeting, giving details of the misconduct alleged against it and nominating, where felt desirable by the Board, any particular partner, director or employee of the Introducing Broker Member from whom the Board wishes to receive information or explanations.
- (c) The Board may at that meeting decide whether:
- (i) to suspend the trading rights of the Introducing Broker Member;
 - (ii) to fine the Introducing Broker Member such amount as the Board may deem appropriate;
 - (iii) to terminate the membership of the Introducing Broker Member.
 - (iv) to order the Introducing Broker Member not to trade in a particular futures or option market or markets, whether in New Zealand or elsewhere, or in a specific class or classes of contract, or to revoke or extend any suspension previously made;
- such decisions shall not be mutually exclusive of each other, and the Board may make any one or more of such decisions in respect of the Introducing Broker Member at the meeting. Any member of the Board who has a direct interest in the determination of any issue before the Board shall be excluded from the deliberations of the Board in such determination and shall not be entitled to vote thereon. Decisions by the Board under this sub-clause shall require a seventy-five percent majority of Board members for the time being entitled to receive notice of meetings of the Board.
- (d) No suspension of trading rights or order not to trade shall be for a term in excess of three months.
- (e) Where an Introducing Broker Member is not incorporated in New Zealand and its principal place of futures and options trading business is