

resolutions of any committee of Directors.

32. INVESTIGATIONS COMMITTEE

Appointment

- 32.1 The Board shall appoint a committee to be called the Investigations Committee, consisting of two persons appointed by the Board together with the principal executive of the Exchange or the principal executive's nominee from the staff of the Exchange. The quorum for meetings of the Committee shall be two.
- 32.2 The Committee shall have responsibility for:
- (a) investigating all allegations of misconduct or breach of these Articles and/or By-Laws alleged against any class of Member and advising the Board thereon;
 - (b) ensuring that an investigation work programme is designed to ascertain whether Members are complying with all the provisions of these Articles and the By-Laws;
 - (c) authorising regular and random inspections and investigations of records and procedures maintained by Members and by the Clearing House on behalf of Members, and ensuring that the investigation work programme is followed;
 - (d) ensuring that Members lodge with the Exchange's compliance division such financial reports, within such times as the Investigations Committee requires. These shall include:
 - (i) a monthly return of the Member's position with regard to clients' funds;
 - (ii) a quarterly return of the Member's financial position;
 - (iii) signed audited annual financial accounts;
 - (e) reporting to the Board where either from the inspections or investigations made by it pursuant to sub-clause (c) or its perusal of the statements lodged pursuant to sub-clause (d), or otherwise from information provided to the Committee, it has formed the opinion that a Member is in breach of these Articles or the By-Laws or has been guilty of misconduct or appears to be unable to pay its debts as they fall due.
- 32.3 Where as a result of action taken pursuant to paragraph (a), (c), or (d) of clause 32.2, the Committee is satisfied that a Member has been guilty of misconduct or a breach of the Articles or By-Laws but is of the opinion that the misconduct or breach is not of a serious nature, the Committee may, in its absolute discretion, cause the matter to be brought to the attention of the Member, reprimand the Member or impose a fine for each breach of the Articles and By-Laws not exceeding \$5,000, and shall not be required to report the misconduct or breach to the Board pursuant to clause 32.2(e); provided that in lieu of a Member paying a fine imposed by the Committee, the Member may within seven days of being notified of a fine so imposed, elect to have the breaches referred to the Board in accordance with clause 32.2(e).
- 32.4 The Committee shall meet on a two monthly basis to