

Rules 20 (9) (a)–20 (9) (c) inclusive as to statement of findings.

Rule 20 (10) as to penalties except that a complaints committee may not suspend or expel a member nor may it impose any fine exceeding \$20,000 plus GST or any other applicable tax.

Rules 20 (11) (a) to 20 (11) (c) inclusive as to costs and expenses.

Rules 20 (12) (a) and 20 (12) (b) as to failure to pay costs or attend, subject to the member's right to appeal a finding.

- (e) Where a complaints committee decides, either on the advice of an investigating committee or after its own consideration of the facts, that the member in question has no case to answer, then the complainant shall be so informed and a written report of the findings given to both the chairman and the lay member of the Disciplinary Committee.
- (f) A complaints committee shall have the power to employ legal assistance.
- (g) A complaints committee may decline either to hear or to continue hearing a charge and instead refer it to the Disciplinary Committee.
- (h) A complaints committee may also resolve after hearing a charge that its powers as to penalties are not sufficient and refer the matter to the Disciplinary Committee.
- (i) The Disciplinary Committee in respect of any charge referred to it in terms of Rules 20 (13) (g) or 20 (13) (h) shall have the discretion to rehear any or all matters previously heard by a complaints committee.
- (j) In terms of Rule 20 (5) (k) there shall be a right of appeal to the Disciplinary Committee against the findings of a complaints committee with regard to findings and penalties (including the amount of costs).
- (k) Any appeal made in terms of Rule 20 (13) (j) shall be in writing and shall be lodged with the Managing Director not later than 10 days after the member concerned has been given written notice of the findings of the complaints committee.

21 Disputes

- 21 (1) All disputes between members shall be referred for determination to a vice chairman nominated by the Board.
- 21 (2) Where no vice chairman is able or willing to act as arbitrator in a dispute, the Board shall nominate another member to act as arbitrator.
- 21 (3) No right of appeal shall lie against a determination in respect of any dispute.
- 21 (4) The provisions of Rule 20 (4) (a) shall mutatis mutandis apply to hearings of disputes as if references therein to the Disciplinary Committee were references to the Board, vice chairman or any other member appointed under Rule 21 (2), as the case may be.
- 21 (5) The Board, vice chairman or any other member appointed under Rule 21 (2), as the case may be, may prepare and circulate to members or to such members as it thinks fit, a statement of its findings on any dispute.
- 21 (6) The Board, vice chairman or any other member appointed under Rule 21 (2), as the case may be, may make such order as it considers fit regarding the payment of costs of the hearing of any dispute.
- 21 (7) It shall be a condition precedent to the commencement of any action, by a member against any other member upon any matter arising out of any transaction of stockbroking or out of any transaction to which any Rule or regulation applies, that the dispute shall be first

determined in the manner provided by these Rules and thereafter action shall be commenced only for the enforcement of the decision given under these Rules and then only after the member sued shall have, after 14 days' notice in writing, refused or neglected to carry out such decision. In any action as aforesaid no member shall dispute the correctness of such decision or award, or the fact that it was given in accordance with these Rules.

22 Defaulting Members

- 22 (1) A member shall be deemed to be a defaulter in each of the following cases:
 - (a) Where he is so declared by the Chairman after he has failed to pay forthwith the money demanded of him pursuant to any Rule relating to delivery and settlement.
 - (b) Where the Board resolves that in its opinion he is in difficulties and has failed or is likely to fail to meet his liabilities.
 - (c) Where he has committed an act of bankruptcy or has become bankrupt or is insolvent or has called a meeting of his creditors or has made a composition with his creditors or assigned his estate for the benefit of his creditors.
 - (d) Where the Board resolves that in its opinion other circumstances exist which justify such member being considered a defaulter in order to protect the financial interests of members or of the investing public or for such other reasons as may be considered to be relevant in the interests of the Exchange and its members in the proper and efficient conduct of the Exchange's affairs.
- 22 (2) Where a member has been deemed to be a defaulter under Rule 22 (1), that decision shall be promulgated forthwith by the Chairman to all members.
- 22 (3) *Contracts with Defaulters:*
 - (a) Subject to the provisions of these Rules every uncompleted contract with a member shall be deemed to be rescinded closed and terminated as from the time he becomes a defaulter and where the contract is partially uncompleted there shall be deemed to be rescission closure and termination as to the uncompleted balance.
 - (b) The Board (whose decision shall be final) shall determine the market price on the day the member becomes a defaulter and any surplus or deficiency, in respect of such uncompleted contract or balance thereof shall be determined accordingly.
 - (c) The defaulter shall be liable to the other member for any such deficiency and such other members shall account to the defaulter for any surplus.
 - (d) Every member involved with a defaulter on a rescinded contract shall forthwith inform the Exchange of the details.
- 22 (4) The Board may declare any member a defaulter and may suspend such member from membership of the Exchange for such time as it shall think fit.
- 22 (5) In any case where it comes to the knowledge of a member that another member of the Exchange has failed to meet his obligations such member shall forthwith report the circumstances of the case to the Chairman. Failure to so report such circumstances shall be deemed to be a breach of these Rules.
- 22 (6) The Chairman upon receiving a report that a member has failed to meet his obligations, shall immediately cause an investigation of the matter to be made and shall simultaneously advise the Board that the affairs of such member are under investigation. He shall similarly advise the result of such investigation when completed.
- 22 (7) Where any inquiries as to the credit or position of any