

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 Conditions of Membership

- 6 (1) 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 (2) Where any member is in any way associated with any group or association, whether incorporated or not, the functions or purposes of which include the provision in New Zealand of any services of any sort falling within the objects of the Exchange, then:

- (a) The member shall in all circumstances clearly identify to all persons with whom that member may deal and all other persons who may become aware of the member's conduct, the distinction between conduct undertaken by the member as a member of the Exchange, and conduct undertaken in the course of or by virtue of the member's association with that other body:

Provided always that, if after appropriate warning a member continues to breach this rule, then the Board may, in addition to exercising any disciplinary powers, suspend the member until appropriate arrangements are made for full dissemination of advice identifying the precise scope of that member's activities as a member of the Exchange.

- (b) In relation to the dissemination of information or provision of access to facilities that are provided by the Exchange for members (in this rule collectively described as "the services") all members acknowledge:

- (i) the services are provided to members of the Exchange on a basis of the cost thereof being in whole or in part shared by the members of the Exchange;
- (ii) the services may incorporate or rely upon material in respect of which the Exchange enjoys copyright;
- (iii) the services may incorporate information produced for the confidential use of members only, without it being specifically delineated but in circumstances that require all members to respect absolutely that confidentiality; in such circumstances that in any case where the Board is satisfied that a member is misusing the access to those services for the purpose of promoting or conducting business in the course of its association with any other organisation as defined in Rule 6 (2) herein, the Board may at any time restrict access for that member to the services or suspend participation by that member in the facilities provided by the Exchange.

- 6 (3) Every individual member who was a member on 22 March 1990 and who has continuously retained that membership since that date shall ensure that at all times during the period of that membership, his assets exceed his liabilities by such sum (not being less than \$200,000 for a member with trading floor representation or \$100,000 for a member without trading floor representation) as may from time to time be determined by the Board for the purposes of this rule, provided that any such member may at any time elect to satisfy this

condition of membership by the provision of a bond on the terms provided for in Rule 3 (3) (a) (ii). The Board may accept a guarantee as part of the member's assets.

- 6 (4) 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 (5) 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. 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, such differentiation is not unreasonable in the particular circumstances.

- 6 (6) Every company member, and every individual member who is a director of a company member, shall ensure that at all times:

- (a) A majority of the directors of the company are individual members of the Exchange:

Provided that for the purposes of this Rule 6 (6), the Board may resolve that a member of an overseas stock exchange shall be deemed to be a member until and if such resolution is revoked.

- (b) The issued and paid up share capital of the company is at least equal to the greater of:

- (i) The sum of \$1,000,000; or
- (ii) If the company has trading floor representation, the sum derived by multiplying \$200,000 by the number of individual ordinary members of the Exchange who are the beneficial and registered owners of the voting shares of the company; or
- (iii) If the company does not have trading floor representation, the sum derived by multiplying \$100,000 by the number of individual ordinary members of the Exchange who are the beneficial and registered owners of the voting shares of the company.

- (c) The holders of any uncalled, or called but unpaid, shares in the capital of the company have been approved by the Board as persons of proper financial standing and repute.

- (d) The articles of association of the company provide that:

- (i) The company agrees to be bound by the Rules of the Exchange, in force from time to time; and
- (ii) The directors required to form a quorum for a directors' meeting shall include a majority of directors who are members of the Exchange; and

- (iii) The directors may not delegate their powers by power of attorney or in any other manner:

Provided that a director who is a member of the Exchange may appoint as his alternate director a person who is a member of the Exchange.

- (e) The registered office of the company is located at a sharebroking office of the company except that where the company is a wholly owned subsidiary of any other company with its registered office in New Zealand, the