

(Hon. Mr. Gisborne.)

Sharebrokers.

ANALYSIS.

<p>Title.</p> <p>Preamble.</p> <p>1. Short Title.</p> <p>2. Interpretation.</p> <p>3. Sharebrokers to take out licenses.</p> <p>4. Colonial Treasurer may appoint person to issue licenses.</p> <p>5. Notification of appointments.</p> <p>6. Bond to be entered into before a license is granted conditioned as herein.</p> <p>7. Sharebrokers to give accounts to persons for whom they sell shares and to enter same in books which they shall show to such persons on demand. Penalty £100 and disqualification.</p> <p>8. Sharebroker to keep his name painted on or affixed to his place of business.</p> <p>9. Penalty on persons acting as sharebrokers without license.</p> <p>10. Unlicensed persons pretending to be licensed.</p> <p>11. Sharebroker only to have one place of business in respect of one license.</p> <p>12. Person lending license to another liable to penalty.</p>	<p>13. List of licensed sharebrokers to be kept, and forwarded to Colonial Treasurer.</p> <p>14. Sharebroker not to recover fees &c. unless licensed.</p> <p>15. Sharebroker convicted of felony or guilty of fraud may be disqualified from acting as such.</p> <p>16. Registrar of the Supreme Court or proper officer of Court to transmit to Colonial Treasurer a certificate of such conviction.</p> <p>17. Penalties how enforced.</p> <p>18. Application of fees.</p> <p>19. Sharebrokers may in certain cases petition the Governor to establish Stock Exchange.</p> <p>20. Procedure thereon.</p> <p>21. Rules may provide for a penalty not exceeding £5.</p> <p>22. Qualification and mode of voting at such meeting.</p> <p>23. Rules to be transmitted to the Governor, who may approve thereof, and cause them to be published in <i>Gazette</i>.</p> <p>Schedule.</p>
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A BILL INTITULED

AN ACT to make provision for Licensing Sharebrokers. Title.

WHEREAS it is expedient that provision should be made for granting licenses to Sharebrokers and for the prevention of unlicensed persons acting in that capacity : Preamble.

BE IT THEREFORE enacted by the General Assembly of New Zealand in Parliament assembled and by the authority of the same as follows :—

1. The Short Title of this Act shall be "The Sharebrokers Act 1871." Short Title.

2. In the interpretation of this Act unless the context shall require a different construction the following terms shall have the meanings set opposite thereto :— Interpretation.

"Sharebroker" shall mean any person who whether on commission or for any fee or reward acts as the agent of another in buying selling transferring or dealing in shares as hereinafter defined but shall not include auctioneers who shall sell any such shares by public auction in the usual way of their business.

"Shares" shall mean and include shares in any company incorporated under "The Joint Stock Companies Act 1860" or any Acts amending the same or registered under or incorporated by virtue of "The Mining Companies Limited Liability Act 1865" or any Acts amending the same or in any incorporated company and shall also mean the debentures of either the General Government or of any Provincial Government or the debentures of any Corpora-

tion or body of persons authorized to raise money by debentures and also shares in any bank or insurance company.

“Province” shall include the County of Westland.

SHAREBROKERS TO BE LICENSED—THEIR DUTIES—PENALTIES.

Sharebrokers to take out licenses.

3. Every person who shall after the first day of January one thousand eight hundred and seventy-two exercise or carry on the business of a sharebroker shall take out a license in the manner hereinafter provided and such license shall be in the form or to the effect set forth in the Schedule to this Act and shall be in force throughout the Colony for one year from the day on which the same is granted.

Colonial Treasurer may appoint persons to issue licenses.

4. It shall be lawful for the Colonial Treasurer from time to time to appoint such and so many persons as he may think fit in any Province within the Colony or in any city town or place therein to be persons from whom sharebrokers may obtain licenses under this Act. Such persons shall be styled “Licensing Officers” and every such Licensing Officer shall have power on payment to him of the sum of twenty-five pounds for or in respect of every such license to issue the same to the applicant: Provided however that no Licensing Officer shall issue any such license where the applicant may be disqualified from obtaining the same under the provisions hereinafter contained and every such Licensing Officer may if he think fit require any person applying to him for a license under this Act to make a statutory declaration that such applicant is not from any cause disqualified from obtaining or acting under such license.

Notification of appointments.

5. The appointment of every Licensing Officer under the powers in the last section contained shall be notified in the *New Zealand Gazette* and it shall be lawful for the Colonial Treasurer to direct such person to adopt such means as to the Colonial Treasurer shall seem meet for making known to the public that he has been appointed for the purposes aforesaid.

Bond to be entered into before a license is granted conditioned as herein.

6. Every sharebroker shall before such license be granted enter into a bond to Her Majesty the Queen in the penalty of two thousand pounds for himself and two sureties of two hundred pounds each conditioned that he will not during the time he shall continue to be licensed buy or sell any shares for himself or on his own account when employed by any person not being a broker to purchase or sell such shares and that he will keep a book to contain entries of all such shares and the amount of every sale to every person and the price at which the same shall be sold. And it shall be the duty of every Licensing Officer before he shall issue such license to ascertain that such bond has been duly given and executed by the person applying for such license. Provided that when any sharebroker shall have duly entered into a bond in accordance with the terms of this section and so long as the same shall continue valid and effectual it shall not be necessary for him to enter into a fresh bond on obtaining a renewal of his license.

Sharebrokers to give accounts to persons for whom they sell shares and to enter same in books which they shall show to such persons on demand. Penalty £100 and disqualification.

7. Every person who shall be so licensed as aforesaid shall every time he shall sell to any person any shares give to the person for whom he sold the same an account in writing signed with his name of the number of shares so sold to whom the same were sold and the true rate of purchase or price paid for the same and shall enter in the said book to be kept by him a like account together with the name of the person for whom he sold the same and shall at the request of the person for whom such shares shall have been sold show to him or her the entry therein relative to the shares sold for such person and if any person who shall be so licensed shall sell for any person any such shares and shall not give such account in writing as aforesaid to the person for

whom he shall have sold the same or shall not keep such book and make such entries therein as aforesaid or shall not at such request as aforesaid permit the person for whom he shall have sold such shares to inspect the entries therein of the account of shares so sold or shall

5 insert in the said account or in the said book any false account of the price at which such shares were sold or bought or a false entry of any of the matters hereby required to be entered in the said book every such person shall for every such offence forfeit the sum of not exceeding one hundred pounds and be disqualified from ever after

10 acting as a sharebroker in New Zealand.

8. Every sharebroker who shall carry on business as such sharebroker shall from time to time paint or affix and keep painted or affixed on the outside of the place or premises where he shall carry on business and on some conspicuous part thereof in easily legible characters his full Christian or first name and surname or the initials of his Christian or first name or names and his full surname and in either case adding thereafter the words "Licensed Sharebroker." And any sharebroker who shall fail or neglect so to do shall be liable to a penalty not exceeding fifty pounds or not less than ten pounds.

Sharebroker to keep his name painted on or affixed to his place of business.

9. If any person not being duly licensed as a sharebroker in accordance with this Act shall in any manner act or carry on business as such sharebroker such person shall for every such offence forfeit and pay a sum not exceeding one hundred pounds and not less than ten pounds.

Penalty on persons acting as sharebrokers without license.

10. If any person not actually holding a sharebroker's license shall keep up any sign writing painting or other mark on or near to his office house or place of business or give reasonable cause to believe that such office house or place of business is the office house or place of business of a licensed sharebroker he shall for every such offence forfeit and pay on conviction any sum not exceeding ten pounds.

Unlicensed persons pretending to be licensed.

11. No sharebroker licensed by authority of this Act shall by virtue of one license keep more than one office house or place of business and for every separate office or place of business which any person shall keep for the purposes of his business a separate and distinct license shall be taken out.

Sharebroker only to have one place of business in respect of one license.

12. If any person having obtained such license as aforesaid shall lend the same to any other person for the purpose of carrying on such business as aforesaid under colour thereof he shall forfeit and pay on conviction for every such offence any sum not exceeding fifty pounds.

Person lending license to another liable to penalty.

13. Every Licensing Officer appointed under this Act shall within the province city town or place for which he shall act keep a list of the names and addresses of all persons who may obtain licenses from him under this Act and from time to time and at such times as may be required shall forward the same or true copies thereof to the Colonial Treasurer who may cause such lists to be published in the *New Zealand Gazette*.

List of licensed sharebrokers to be kept and forwarded to Colonial Treasurer.

14. No sharebroker shall be entitled to recover any commission fee or reward for any services done or performed by him as such sharebroker unless he shall be duly licensed under this Act and upon the trial or hearing of any action for the recovery of any such commission fee or reward as such sharebroker he shall not be entitled to recover or give evidence therein unless his license is produced to the Court: Provided that in case of the loss of any such license or for such cause as the Court may think sufficient it shall be lawful for the Court to accept such evidence as to the issue or existence of such license as it may think fit.

Sharebroker not to recover fees &c. unless licensed.

15. If any sharebroker shall be convicted in any Criminal Court of felony or fraud or if a Judge of the Supreme Court or a Judge in Bankruptcy or Insolvency or a Judge of any District Court shall in

Sharebroker convicted of felony or guilty of fraud may be disqualified from acting as such.

any action or other proceeding prosecuted or depending before such Judge and to which such broker shall be a party certify (as he is hereby empowered to do) that such sharebroker has been guilty of fraud and that he ought to be disqualified from acting as a sharebroker altogether or for such period as such Judge shall name in the certificate such sharebroker shall accordingly be disqualified as from the date of such conviction or certificate and any such sharebroker so convicted of felony or fraud shall be incapable for ever after of acting as such sharebroker. 5

Registrar of the Supreme Court or proper officer of Court to transmit to Colonial Treasurer a certificate of such conviction.

16. It shall be the duty of the Registrar of the Supreme Court or the Clerk of the District Court or other the proper officer of such Courts respectively upon the conviction of any sharebroker of felony or fraud as mentioned in the last preceding section to transmit to the Colonial Treasurer a certificate of the conviction of any sharebroker for felony or fraud as mentioned in the last section or (as the case may require) a true copy of the certificate of the Judge made under the provisions contained in the said section and the Colonial Treasurer shall thereupon cause notice of such conviction or of such certificate as the case may be to be given to each Licensing Officer appointed under this Act. And it shall be lawful for every Licensing Officer in the case of a temporary disqualification to refuse to issue a license to such person during the period of such temporary disqualification or if such person shall be wholly disqualified under this Act then to refuse to issue a license at all to such person. 15 20

Penalties how enforced.

17. All fines penalties and forfeitures pecuniary or otherwise authorized or required to be imposed by this Act shall be recovered and enforced only in a summary way in the manner provided in "The Justices of the Peace Act 1866." 25

Application of fees.

18. All fees received or collected under this Act from the issue of licenses to sharebrokers shall be paid to the Colonial Treasurer and form part of the Consolidated Revenue of the Colony. 30

PROVISIONS FOR THE ESTABLISHMENT OF STOCK EXCHANGES.

Sharebrokers may in certain cases petition the Governor to establish Stock Exchange.

19. Upon a petition in writing signed by not less than ten licensed sharebrokers resident in any one Province or by the majority in number of such sharebrokers if their number shall not exceed ten addressed to the Governor praying that a Stock Exchange may be established in such Province and designating in the said petition any number of such petitioners not less than five who may be willing to take the necessary steps in the formation or establishment of such Stock Exchange as hereinafter provided it shall be lawful for the Governor by notification in the *New Zealand Gazette* to signify his assent to the establishment thereof and further that such persons so designated as aforesaid shall act in the establishment thereof in the manner hereinafter provided: Provided that no such Stock Exchange shall be established when there shall not be resident in the Province more than licensed sharebrokers. 35 40 45

Procedure thereon.

20. Not less than fourteen days after the publication of such notification as aforesaid it shall be lawful for the persons named therein by advertisement published in at least two newspapers circulating in the Province to call a meeting of the sharebrokers resident in such Province and such sharebrokers being met shall from among themselves elect a Chairman and shall then proceed to elect a Committee to frame rules for the purposes hereinafter mentioned— 50

To provide for the election of office-bearers of such Stock Exchange whether annually or otherwise and to provide for vacancies in any such offices. 55

To provide for the appointment removal and duties of a Secretary or other necessary officers of any such Stock Exchange.

To provide for the time and place of holding meetings thereof

and the establishment of any branch place or places for the transaction of the business thereof.

And generally to provide for the conduct and management of the business of sharebrokers in all respects through the medium of such Stock Exchange.

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And such rules shall be framed in accordance with the rules of the London Stock Exchange so far as the same may be applicable to the circumstances of this Colony: Provided that no rules to be made as aforesaid shall be made contrary to the provisions of this Act or if so

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made shall have any force or effect.
21. In and by any such rules it shall be lawful for the Committee to impose a penalty for the breach thereof either in the way of temporary suspension from carrying on business as such sharebroker for a period not exceeding one calendar month or by a pecuniary penalty not

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exceeding five pounds.
22. At the meeting of sharebrokers to be held under the provisions herein contained for the purpose of electing a Committee every licensed sharebroker who shall have been the holder of a license as such sharebroker and been resident in the Province where such meeting shall be held for two calendar months previous thereto may either by himself or by a proxy appointed for that purpose in writing vote thereat and such meeting shall be adjourned for such period as may be thought fit until the Committee then elected have prepared the rules to be submitted to the Governor in accordance with this Act and on the completion of such rules the Committee so appointed shall submit the same to an adjourned meeting to be called for that purpose and at such last mentioned meeting the rules so prepared shall be submitted and approved of or amended as may be thought expedient: Provided that no such meeting shall be adjourned for a further period than fourteen days at any one time: Provided further that unless such rules shall have been submitted to the Governor as aforesaid within three calendar months from the date when the Governor shall signify his assent to the establishment of such Stock Exchange as aforesaid the whole of the proceedings taken thereupon shall be null and void and it shall be necessary to commence *de novo*.

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Rules may provide provide for a penalty not exceeding £5.

Qualification and mode of voting at such meeting.

23. Upon the completion and approval of such rules as aforesaid the same accompanied by a statutory declaration to be made by the Chairman of the meeting at which they were approved to the effect that such rules have been duly passed shall be forwarded to the Governor and if he approves thereof the same shall be published in the *New Zealand Gazette* and shall be the regulations of such Stock Exchange until altered in accordance with any provision to be made therein for that purpose and a copy of the *Gazette* containing such regulations so approved as aforesaid shall and may for all purposes be received in evidence in all Courts of Justice: Provided however that the Governor shall have power to alter or amend any rules so forwarded to him as aforesaid and such rules so altered or amended shall be published in the manner hereinbefore provided and shall to all intents and purposes be deemed to be the rules approved by the sharebrokers at the meeting at which they were originally passed.

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Rules to be transmitted to the Governor who may approve thereof and cause them to be published in *Gazette*.

SCHEDULE.

Schedule.

FORM OF LICENSE.

I HEREBY certify that John Smith of the City of Wellington Commission Agent has this day paid to me the sum of £ being the fee prescribed by "The Sharebrokers Act 1871" and that by virtue of such payment the said John Smith is hereby licensed to carry on the business of a Sharebroker from this day until the day of 18 Dated at Wellington the day of 18

A.B.
Licensing Officer under the said Act.