

DEFAULTERS.

Defaulters: Committee to deal with them, and how.

57. The Committee shall suspend for such period as it shall think fit, and may also fine or recommend for expulsion, any member who shall fail to pay when due any debt incurred by him to another member. Should the Committee decide to recommend the member's expulsion, they shall report accordingly to the members at a special general meeting called for that purpose. It shall be competent for the said special general meeting to confirm the Committee's recommendation, and expel the member so brought before them, or deal with him by fine or suspension from membership. A member who becomes insolvent or assigns his estate for the benefit of, or compounds with, his creditors, shall, *ipso facto*, cease to be a member, and shall forfeit to the Exchange all interest in his membership, and in the funds and property of the Exchange, notwithstanding that he may not be at the same time a defaulter on the Exchange; but such member may be reinstated without payment of fee after he has obtained his discharge from his insolvency, or a release from his creditors, by ballot taken in the same manner as provided by Rule 40.

Open transactions of defaulters to be closed at order of Committee.

58. The Committee shall have power to order that all open transactions, including time bargains, between any member unable to meet his engagements and other members shall be closed within a time to be named by the Committee. Such transactions shall be closed accordingly, by the Chairman buying or selling in the market on account of the member in default, such stock or shares as he may have contracted to sell or purchase. The Chairman shall charge current rate of brokerage to the defaulter, and such brokerage shall be the property of the Chairman. Members shall, without delay, render full statements of account to the Committee.

Notice of default.

59. Should it come to the knowledge of any member of the Exchange that a broker, either in Christchurch or elsewhere, has failed to meet his engagements, the said member must at once report the circumstances to the Chairman, who shall bring the matter before the Exchange, at its first meeting, for decision as to what action shall be taken. Any member failing or neglecting to report to the Chairman as above specified shall be liable to be fined a sum not exceeding £200, or to be suspended, at the option of the Exchange.

Accounts.

60. The Committee shall have power to investigate the accounts of members with a member in default, and to reject or require the correction of any times which they may deem unsatisfactory.

Surpluses.

61. Members, creditors of a member in default, shall have a preferential claim on all surpluses in the hands of other members, resulting on the closing of transactions open at the time of default, and also on all moneys which may become payable to a member in default out of funds in the hands of the Committee from the estate of another member in default. All surpluses in the hands of members resulting in the closing of open transactions with a member in default shall be paid to the Committee.

How to deal with surpluses.

62. The Committee shall distribute as soon as possible amongst members, creditors of the member in default, the surpluses received from other members on his account, and all moneys due to him out of the funds in the hands of the Committee from the estate of another member in default.

DISTRIBUTION OF ASSETS OF EX-MEMBERS.

Recent claims to have preference in distribution of assets of an ex-member.

63. The Committee in dividing amongst members, creditors of a late member, the proceeds received by them on sale of a membership, after deducting the transfer fee of the purchaser and all other liabilities due to the Exchange, or in dividing any surpluses received by them from members on account of a defaulting member's estate, or in dividing any moneys due to him out of funds in the hands of the Committee from the estate of another member in default, shall not necessarily distribute the same *pro rata*, but may, in their discretion, give preference either wholly or in part to claims of recent date over claims of longer standing which were not divulged to the Committee at the time they arose.

Claims not arising from transactions under the rules.

64. Claims on the estate of a resigning, retiring, or deceased member that do not arise from transactions under these rules, shall not be recognized by the Committee, until all claims that have arisen from transactions under the rules shall have been satisfied.

PARTNERS OR CLERKS.

Members' partners and clerks may be admitted to official meetings.

65. Without limiting the powers of a member under clause 41 of these rules, the Chairman or Vice-Chairman may grant a member permission for a partner or clerk in his service to attend the official meetings for the purpose of making quotations and the purchase and sale of shares on behalf of such member, and in his stead, but for no other purpose. Such authorized partner or clerk shall be subject to the rules and usages of the Exchange, but shall not have a vote at any meeting, nor any voice in the management of the Exchange. The Chairman or Vice-Chairman may withdraw the permission at any time. A member shall not enter into or be in active partnership with any person other than a member unless such partner shall have been approved by resolution of a meeting of the Committee.

Conditions of admission.

66. A clerk so admitted to official meetings shall be deemed to be the agent of his employer, and the member on whose application he is admitted shall be responsible for all the transactions of the said clerk.

Qualification of clerk.

67. A clerk shall not be eligible for admission unless he be at least twenty-one years of age.

Restrictions to dealing by a clerk.

68. A clerk shall not buy or sell time-bargains, or deal except in cash transactions, unless he shall have written authority to do so from his employer; such authority to be lodged with the Chairman, and all his dealings shall be on account of his employer.

Members may withdraw authority given to a clerk.

69. A member may, by a letter addressed to the Secretary, withdraw the authority to his clerk to act, but his responsibility shall continue until such withdrawal shall have been notified to the members at an official meeting.

COMMISSION.

Brokerage chargeable.

70. The rates of brokerage shall be those fixed or adopted from time to time by the Stock Exchange Association of New Zealand.

No unauthorized rates to be charged.

71. No rates other than those fixed or adopted shall be charged. It shall not be allowable under any circumstances whatever to pay agents or other persons not members of a registered Stock Exchange a remuneration of any kind for introducing business, except in respect of new issues of shares, bonds, stock, or debentures.

Member not to do business below rates.

72. No member shall do business for or with any broker or other person (other than a member of a registered Stock Exchange in New Zealand, or a member of a recognized Exchange beyond New Zealand) at net prices, or at less than the rates of commission fixed or authorized by the Stock Exchange Association of New Zealand.

OFFICIAL MEETINGS.

Time, place, and purpose of official meetings.

73. The official meetings of the Exchange shall be the meetings of members, held at such place and times as the members shall appoint, at which the business shall be to make prices, effect sales, and receive and record quotations of sales; also to do any general business in accordance with these rules. The quorum for an official meeting shall be not less than five members of the Exchange for the time being entitled to vote.

Official and special holidays.

74. The official holidays to be observed by all members of the Exchange shall be fixed at the annual general meeting held in July of each year. Special holidays shall not be declared except by the vote of not less than two-thirds of the members present at any official meeting. Notice of intention to take such vote shall be given by the Chairman at a previous meeting. No meeting shall be held on public holidays, unless otherwise ordered by the members in the same manner as that provided for special holidays.

Members leaving during a meeting must get permission.

75. A member shall not leave an official meeting without the permission of the Chairman, under penalty of a fine to be fixed by the Chairman, which shall be paid within seven days.

No messages to be sent out during meetings.

76. Telegrams and other written communications may be received by members during business meetings, but no messages shall be sent out during such meetings.