

Duty to investigate case of Member likely to default.

116. Where a report is made to the Chairman of an affiliated Exchange that a Member of another Exchange has failed to meet his engagement such Chairman shall immediately report the matter to the Secretary of the Association who shall forthwith require the Chairman of the Exchange to which such Member belongs, to call a meeting of his Exchange and otherwise take proper steps to consider and deal with the matter.

Inquiries as to credit of Member.

117. Where any inquiries as to the credit or position of any Member of an affiliated Exchange is being investigated by any affiliated Exchange or by this Association, every other affiliated Exchange shall on request facilitate such inquiries and make all necessary inquiries into dealings of its Members with the Member whose position is being investigated as aforesaid.

Investigation where Member has failed to meet engagements.

118. In any case where it comes to the knowledge of any of the Members of any affiliated Exchange that any Member of his or any other affiliated Exchange has failed to meet his engagements, such first-mentioned Member shall forthwith report the circumstances to the Chairman of his Exchange. Where the report as aforesaid concerns a Member of his Exchange it shall be the duty of the Chairman immediately to call a meeting of his Exchange to investigate the matter, and where the report concerns a Member of another Exchange, it shall be the Chairman's duty to report by telegram to the Chairman of all other Exchanges.

Should it come to the knowledge of any Member of an Exchange that a Broker is failing to meet his engagements, the said Member must at once report the circumstances to the Chairman of the Exchange of which he is a Member. The Chairman must bring the matter before the Members at the first meeting thereafter for consideration and decision as to what action is to 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 £20, or to be suspended at the option of the Members of the Exchange to which he belongs.

#### PROSPECTUSES, NEW.

Prospectus to be complete.

119. All Prospectuses sent to an Exchange for its approval must be complete in every detail. A copy of the Prospectus if approved by the Exchange shall be filed by the Secretary of the Exchange among his records.

Permission for Member to act.

120. No Member of an affiliated Exchange shall act as broker or be associated in the flotation of any Company where a prospectus is issued for public subscription without the consent and permission of the Exchange of which he is a Member.

(a) This rule to apply to the issue of ordinary or preference shares in a public company, or

(b) To the public issue of debentures of companies or public bodies.

Copies of Prospectus.

121. When a prospectus has been passed by an Exchange it shall have printed on the outside cover the words "This prospectus has been passed by the Stock Exchange."

Fee payable.

122. A fee of £2 2s. shall be paid with every Prospectus submitted for the consideration of an Exchange.

Clients.

123. Save in the case of new flotations or increases of capital no Broker shall send or deliver by post or otherwise or cause to be sent or delivered as aforesaid to any person not his client any communication in relation to share or stockbroking business, or interview, or cause to be interviewed by his servant or agent, any person not his client. For the purpose of this rule a client includes only persons for whom a Broker has done share and stockbroking business within the five years next preceding the sending of any communication as aforesaid, and communication includes every form of invitation, direct or indirect, to pass share and stockbroking business through the Broker making the communication, or through any other Broker named in the communication. The penalty for a breach of this rule shall be a fine not exceeding £100.

#### MISCELLANEOUS MACHINERY RULES.

Local Exchanges to implement these Rules.

124. Each affiliated Exchange shall within six months of the passing of these Rules cause to be passed and incorporated in its Rules a rule that each of its members shall be deemed to be