

RULES OF NEW ZEALAND FINANCIAL MARKETS ASSOCIATION INCORPORATED SEPTEMBER 2025



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Rules of New Zealand Financial Markets Association Incorporated

1. INTERPRETATION

1.1 Definitions

In these Rules, unless the context otherwise requires:

Act means the Incorporated Societies Act 2022;

Affiliate Member means a member of the Association under clause 4.9;

Annual General Meeting means a meeting of Members convened in accordance with clause 8.1(a);

Annual Subscription Fee means, in respect of a Member, any fee payable by that Member pursuant to clause 4.13(b);

Association means New Zealand Financial Markets Association Incorporated;

Attendee means Member Attendee and Non-Member Attendee;

Auditor means the person appointed to audit the Association in accordance with clause 18.4;

Board means the board of Directors of the Association;

Contact Person means the contact person or persons of the Association appointed in accordance with clause 21;

Chair means the chairperson of a Board meeting, General Meeting, a Committee meeting or Working Group meeting, as the context permits;

Chief Executive Officer means a person appointed for the time being to perform the duties of a chief executive officer of the Association under these Rules, for the time that the person is appointed to that role;

Committee means any committee of the Association established pursuant to clause 14.1;

Director means a person appointed for the time being to perform the duties of a director of the Association under these Rules, for the time that the person is holding the office of director;

Eligible Persons means those persons who are determined to be suitable to be a Director by the Board;

Eligible Director means a director appointed under clause 10.3;

Financial Intermediary Member means a member of the Association under clause 4.7;

Financial Markets Member Director means a Director appointed under clause 10.2;

Financial Markets Entity means:

- (a) any entity or body (whether incorporated or not but not including an individual) participating in, or carrying on business in wholesale banking and financial markets in New Zealand or overseas; and
- (b) such other entity or body at any time and from time to time that the Board determines to be a Financial Markets Entity;

Financial Markets Member means a member of the Association under clause 4.2;

General Meeting means an Annual General Meeting or Special General Meeting;

Incorporation Date means the date on which the Association was incorporated pursuant to the Act;

International Member means a member of the Association under clause 4.5;

Joining Fee means, in respect of a Member, any fee payable by that Member pursuant to clause 4.13(a);

Large Financial Markets Member means a Financial Markets Member that meets certain criteria as published by the Board from time to time;

Medium Financial Markets Member means a Financial Markets Member that meets certain criteria as published by the Board from time to time;

Member means an entity or body whose name is entered for the time being in the Register as a member of the Association;

Member Attendee means in respect of a Committee or Working Group, an officer or employee of a Member, excluding a Financial Markets Member, who represents that Member on that Committee or Working Group;

Non-Member Attendee means, in respect of a Committee or Working Group, any person who, in the opinion of the Board, has the capacity and experience to make a material contribution in assisting the Committee or Working Group to achieve one or more of its objects;

Partner Member means a member of the Association under clause 4.11;

Register means the register of Members kept by the Association under the Act;

Representative means, in respect of a Committee or Working Group, an officer or employee of a Financial Markets Member who represents that Member on that Committee or Working Group;

Rules means these rules, as amended from time to time;

Small Financial Markets Member means a Financial Markets Member that meets certain criteria as published by the Board from time to time;

Special General Meeting means a meeting of the Members other than the Annual General Meeting;

Special Project Fee means the fee approved by the Board, to the Member or Members for NZFMA to undertake a Board approved special project;

Termination Event means, in respect of a Member, the appointment of an administrator, liquidator, statutory manager or receiver to that Member, or any other event described as a Termination Event in these Rules;

Working Group means a working group established by the Board or a Committee under clause 15.1;

1.2 Construction

In these Rules, unless the context otherwise requires:

- (a) the headings appear as a matter of convenience and do not affect the construction of these Rules;
- (b) in the absence of an express indication to the contrary, references to clauses or paragraphs are to clauses and paragraphs of these Rules;
- (c) a reference to any statute, statutory regulation or other statutory instrument includes the statute, statutory regulation or instrument as from time to time amended or re-enacted or substituted;
- (d) words or expressions defined in the Act have the same meaning in these Rules;
- (e) the singular includes the plural and *vice versa* and one gender includes the other genders;
- (f) the words **written** and **writing** include electronic mail communications and any other means of communication resulting in permanent visible reproduction;
- (g) the word **person** includes any association of persons whether corporate or unincorporate, and any state or government or department or agency thereof, whether or not having separate legal personality;
- (h) a reference to a **business day** means a day which banks are open for general banking business in Auckland, Wellington and Christchurch;
- (i) a provision of these Rules (except that specifying the time for deposit of proxies with the Association) which has the effect of requiring anything to be done on or by a date which is not a business day must be interpreted as if it required it to be done on or by the next business day;
- (j) unless the context otherwise requires, a reference to a time of day means that time of day in New Zealand;
- (k) for the purposes of determining the length of a period (but not its commencement), a reference to:
 - (i) a day means a period of time commencing at midnight and ending 24 hours later; and
 - (ii) a month means a calendar month which is a period commencing at the beginning of a day of one of the 12 months of the year and ending immediately before the beginning of the corresponding day of the next month or, if there is no such corresponding day, ending at the expiration of that next month; and
- (l) where a period of time is specified and is to be calculated before or after a given day, act or event, it must be calculated without counting that day or the day of that act or event.

2. NAME OF ASSOCIATION

2.1 The name of the Association is New Zealand Financial Markets Association Incorporated.

3. OBJECTS OF ASSOCIATION

3.1 The objects of the Association are to represent the common interests of Members as participants in New Zealand's wholesale financial markets by:

- (a) advocating on matters of common interest to Members which are relevant to the good reputation and efficient operation of New Zealand's wholesale financial markets and their regulation by government and regulatory authorities;
- (b) promoting and assisting the maintenance, reform and development in New Zealand of competitive and resilient wholesale financial markets that operate in a fair and efficient manner;
- (c) promoting and assisting professionalism in the conduct of business in New Zealand's wholesale financial markets, including through facilitating the development and maintenance of common conventions and guidance that support efficient and ethical practices by Members;
- (d) promoting high professional standards in New Zealand's wholesale financial markets by coordinating the delivery of fit-for-purpose education programmes to any appropriate individuals, and awarding accreditation by the Association to employees of Member organisations who reach a required level of professional skill and knowledge;
- (e) promoting New Zealand's wholesale financial markets as essential elements of the New Zealand financial system, capital markets and economy;
- (f) facilitating the provision of financial benchmarks that support the operation of New Zealand's wholesale financial markets;
- (g) engaging in any other activity which the Directors consider to be supportive of, or incidental to, any other object in this clause.

4. MEMBERSHIP

4.1 Membership

- (a) The membership of the Association will consist of Financial Markets Members, Partner Members, International Members, Financial Intermediary Members and Affiliate Members.
- (b) The Board may create additional classes of Members which carry such rights or restrictions of membership as are determined by the Board.

4.2 Financial Markets Members

The Financial Markets Members of the Association are, on any date:

- (a) each of the entities that is listed as such in Schedule 1 to these Rules (being the initial Financial Markets Members of the Association) that remains a Financial Markets Member on that date; and
- (b) each other entity that:
 - (i) is a Financial Markets Entity;
 - (ii) has been admitted by the Board to membership of the Association as a Financial Markets Member after making an application for membership pursuant to clause 5; and
 - (iii) remains a Financial Markets Member on that date.

4.3 Categories of Financial Markets Members

- (a) Each Financial Markets Member will be categorised, in accordance with criteria published by the Board from time to time, as:
 - (i) a Large Financial Markets Member; or
 - (ii) a Medium Financial Markets Member; or
 - (iii) a Small Financial Markets Member.
- (b) The Board is to publish criteria as soon as possible after the Incorporation Date.
- (c) The Board is to review the criteria from time to time.

4.4 Rights of Financial Markets Members

- (a) Financial Markets Members, depending on the type of membership they hold, will have a specified number of votes.
- (b) The number of votes for each membership type will be determined by the Board.
- (c) Each Financial Markets Member has:
 - (i) the right to attend and be heard at any Board meeting or General Meeting;
 - (ii) the right to cast its allotted votes under clause 8.8 at any Board meeting or General Meeting; and
 - (iii) subject to clause 10, the right to appoint a Financial Markets Member Director and to nominate Eligible Directors.

4.5 International Members

International Members of the Association are:

- (a) a bank registered in its country of operation by the appropriate regulatory authority; and
- (b) an active participant in the New Zealand wholesale financial markets.

4.6 Rights of International Members

Each International Member has:

- (a) the right to attend any Board meeting and General Meeting ; but
- (b) no right to vote at any Board meeting or General Meeting;

4.7 Financial Intermediary Members

Each Financial Intermediary Member is on any date:

- (a) an entity that facilitates and/or executes financial markets transactions between Financial Markets Entities;
- (b) has been admitted by the Board to membership of the Association as a Financial Intermediary Member after making an application for membership pursuant to clause 5; and
- (c) remains a Financial Intermediary Member on that date .

4.8 Rights of Financial Intermediary Members

Each Financial Intermediary Member has:

- (a) the right to attend any Board meeting and General Meeting; but
- (b) no right to vote at any Board meeting or General Meeting.

4.9 Affiliate Members

The Affiliate Members of the Association are on any date:

- (i) each of the entities that is listed as such in Schedule 1 to these Rules (being the initial Affiliate Members of the Association) that remains an Affiliate Member on that date, and;
- (ii) each other entity that:
 - (1) is a central bank, statutory authority, official regulator or similar regulatory body governing, regulating or administering financial markets in New Zealand or elsewhere; or
 - (2) a New Zealand Public Service department; or
 - (3) a not-for-profit financial markets industry association; or
 - (4) a not-for-profit financial markets standard setter,and has been admitted by the Board to membership of the Association as an Affiliate Member after making an application for membership pursuant to clause 5 and remains an Affiliate Member on that date.

4.10 Rights of Affiliate Members

Each Affiliate Member has:

- (a) the right to attend any Board meeting and General Meeting; but
- (b) no right to vote at any Board meeting or General Meeting.

4.11 Partner Members

- (a) There are no Partner Members of the Association on the Incorporation Date.
- (b) After the Incorporation Date, the Partner Members of the Association are each entity that:
 - (i) is an entity (not including an individual) which offers services to Financial Markets Entities; and
 - (ii) has been admitted by the Board to membership of the Association as a Partner Member after making an application for membership pursuant to clause 5.

4.12 Rights of Partner Members

Each Partner Member has:

- (a) the right to attend any Board meeting and General Meeting; but
- (b) no right to vote at any Board meeting or General Meeting.

4.13 Fees payable by Members

- (a) Upon admission to membership, a new Member must pay to the Association such amount as the Board may from time to time determine to be payable as a Joining Fee.
- (b) Each Member must pay to the Association an Annual Subscription Fee and Special Project Fee as the Board may from time to time determine with respect to each Member or class of Members.
- (c) The Association must notify Members of such Annual Subscription and any Special Project Fee in writing.
- (d) Any Joining Fee, Annual Subscription Fee or Special Project Fee notified to a Member by the Association is payable by the Member to the Association at the expiry of 30 days from the date the Member is notified in writing of the fee unless, prior to the expiry of such 30-day period, the Member has resigned from membership in accordance with clause 6.1.
- (e) If any Member has not paid any Joining Fee, Annual Subscription Fee or Special Project Fee within 90 days of the date that it is due, a Termination Event occurs in respect of that Member on the date that is 90 days from the date the fee is due.

4.14 Membership not transferable

- (a) No membership interest, benefit or right of any Member is capable of being sold or transferred in any manner whatsoever.
- (b) A membership interest automatically lapses if there is any such purported sale or transfer or agreement to do so.

5. ADMISSION TO MEMBERSHIP

5.1 Consideration of application by Board

- (a) An application for membership as a Financial Markets Member, an International Member, a Financial Intermediary Member, a Partner Member or an Affiliate Member or any other class of membership must be:
 - (i) made to the Association;
 - (ii) in writing signed by or on behalf of the applicant; and
 - (iii) supported by the documents or evidence considered necessary by the Association to demonstrate eligibility for membership in accordance with clause 4.
- (b) If an application complies with paragraph (a), the Board may consider the application for membership as soon as practicable after its receipt and determine, in its discretion, the acceptance or rejection of the application.
- (c) The Board may, in its discretion:
 - (i) waive the requirement in paragraph (a) for an application for membership; and
 - (ii) instead extend to a potential Member an invitation for membership, provided that any such potential Member must consent to become a Member.

5.2 Acceptance or rejection of membership application

- (a) The Board must accept or reject any application for membership.
- (b) If an application for membership is accepted:
 - (i) the Association notifies the applicant of admission; and
 - (ii) the name and details of the applicant must be entered in the Register as a Financial Markets Member, International Member, Financial Intermediary Member, Partner Member, Affiliate Member or other class of Member, as the case may be.
- (c) If an application for membership is rejected, the Association notifies the applicant that the application has been rejected.
- (d) The Board is not required to give reasons for rejecting or accepting an application for membership.

5.3 Register of Members

- (a) A register of the Members of the Association must be kept in accordance with the Act.
- (b) The following must be entered in the Register in respect of each Member:
 - (i) the full name of the Member;
 - (ii) the address, telephone, and electronic mail address of the authorised or primary contact of the Member;
 - (iii) the date of admission to and, if applicable, cessation of membership;
 - (iv) the class of membership to which the Member is admitted; and
 - (v) such other information as the Board may require.

5.4 Change of Member details

Each Member must notify the Association in writing of any change in the name, address, telephone, or electronic mail address of the Member, or of the authorised or primary contact of that Member, within one month after the change.

6. RESIGNATION AND CESSATION OF MEMBERSHIP

6.1 Resignation

- (a) A Member may resign from membership of the Association by giving written notice to that effect to the Association.
- (b) The resignation of a Member is deemed to take effect from the date such notice is given to the Association.
- (c) The Association must amend the Register accordingly.

6.2 Cessation of membership

- (a) The Board may at any time, in its absolute discretion, resolve that the membership of any Member, for whatever reason, be cancelled effective either:
 - (i) immediately; or

- (ii) at the expiration of the period with respect to which a Member's Annual Subscription Fee is payable; or
 - (iii) at such other time as the Board determines, in its absolute discretion.
- (b) The Board is not required to give reasons why the membership of a Member is cancelled.
- (c) Upon the passing of that resolution:
 - (i) the Member concerned ceases to be a member at the time determined by the Board; and
 - (ii) the Association must amend the Register accordingly.

6.3 Other cessation of membership

- (a) A Member ceases to be a member on any Termination Event occurring in respect of the Member (including non-payment of any fees) unless the Board has at the request of the Member otherwise resolved.
- (b) Upon cessation of membership, the Association must amend the Register accordingly.

6.4 No refund of fees

- (a) Upon a Member ceasing to be a member, for any reason whatsoever, any fee at that time due and payable to the Association but remaining unpaid remains due and payable, notwithstanding that the Member ceases to be a member.
- (b) Upon a Member ceasing to be a member, for any reason whatsoever, no fee paid by the Member to the Association is refundable to the Member.

7. NO PROFITS FOR MEMBERS

7.1 Transfer of income or assets

- (a) The assets and income of the Association must be applied solely in furtherance of the objects of the Association.
- (b) No portion of the assets or income of the Association may be paid or transferred, directly or indirectly, to any Member, except as proper and reasonable compensation for services rendered or expenses incurred on behalf of the Association.

7.2 Money and other assets of Association

The Association may only use money and other assets if:

- (a) it is in furtherance of an object of the Association;
- (b) it is not for the sole personal or individual benefit of any Member; and
- (c) the use has been approved by the Board.

7.3 Additional powers

The Association may:

- (a) employ persons for the furtherance of its objects;

- (b) invest in any investment that is approved by the Board; and
- (c) borrow money or provide security for any purpose that is approved by the Board.

7.4 Payments, services and information

Nothing in clause 7.1 prevents the payment in good faith of:

- (a) remuneration to any officer or employee of the Association for services actually rendered to the Association, provided the remuneration is reasonable compensation for the services provided; or
- (b) an amount to any Member in return for any services actually rendered to the Association (whether by the Member or any entity in which the Member has an interest or is a member) or for goods supplied in the ordinary and usual course of business; or
- (c) reasonable and proper rent for premises let by any Member to the Association.

7.5 Personal Benefit

Any income, benefit or advantage shall be applied to the objectives of the Association. No member of the Association or any person associated with a member, shall participate in or materially influence any decision made by the Association, in respect of the payment to or on behalf of that member or associated person of any income, benefit, or advantage whatsoever. Any such income shall be reasonable and relative to that which would be paid in an arm's length transaction (being open market value).

8. GENERAL MEETINGS

8.1 Convening of General Meetings

- (a) An Annual General Meeting must be held annually at a date to be determined by the Board, being no later than six months following the Association's balance date (determined in accordance with section 100 of the Act).
- (b) A Special General Meeting must be convened by the Chair where 50% or more of the Directors are prevented from voting on a matter relating to the Association pursuant to clause 12.12.
- (c) Otherwise, a Special General Meeting may be convened by the Board and held at a date determined by the Board.

8.2 Notice of General Meetings

- (a) Unless otherwise determined by the Board, at least 21 days' notice of a General Meeting is required to be given.
- (b) Such notice must specify:
 - (i) the place;
 - (ii) the day;
 - (iii) the time of meeting; and
 - (iv) in the case of special business, the general nature of that business.

- (c) For the purposes of clause 8.2(b), all business that is transacted at an Annual General Meeting, with the exception of the consideration of accounts, financial statements and the reports of the Board and auditors, is special business.
- (d) Accidental omission to give notice of a General Meeting by the Association to, or the non-receipt of notice of a General Meeting by, any Member does not invalidate proceedings at that meeting.

8.3 Information to be presented at each Annual General Meeting

The Board must, at each Annual General Meeting, present the following information:

- (a) an annual report on the operations and affairs of the Association during the most recently completed accounting period;
- (b) the financial statements of the Association for the most recently completed accounting period; and
- (c) notice of the disclosures, or types of disclosures, contemplated by section 63 of the Act during the most recently completed accounting period (including a brief summary of the matters, or types of matters, to which those disclosures relate).

8.4 Quorum at General Meeting

- (a) Business may not be transacted at a General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
- (b) A quorum is the presence in person or by proxy of the Members who together hold not less than 25 per cent. of the votes of all Members entitled to vote at the General Meeting.
- (c) If a quorum is not present within half an hour from the time appointed for the General Meeting, or a longer period allowed by the Chair, the meeting will be dissolved.

8.5 Appointment of Chair at General Meeting

- (a) The Chair elected by the Board under clause 12.10 as Chair of its Board meetings will preside as Chair at the General Meeting, and if the Chair is not present the Deputy Chair will preside as Chair for that General Meeting.
- (b) The Directors present at a General Meeting must elect one of their number to chair the meeting if:
 - (i) a Director has not been elected as Chair; or
 - (ii) the Chair and Deputy Chair are not present within 15 minutes after the time appointed for the holding of the General Meeting or are unwilling to act.

8.6 Chair's powers at General Meeting

- (a) The ruling of the Chair on all matters relating to the order of business, procedure and conduct of a General Meeting is final.
- (b) No motion of dissent from a ruling of the Chair can be accepted.

- (c) The Chair, in his or her discretion, may expel any Member or Director from a General Meeting if the Chair reasonably considers that the Member's or Director's conduct is inappropriate behaviour.
- (d) The following conduct may be considered inappropriate in a General Meeting:
 - (i) the use of offensive or abusive language which is directed to any person, object or thing; or
 - (ii) attendance at the meeting while under the influence of any kind of drug, including but not limited to any alcoholic substance; or
 - (iii) the use or consumption of any drug by a person at the meeting.

8.7 Adjournment of General Meeting

- (a) The Chair may, with approval by a resolution of Members entitled to vote at any General Meeting at which a quorum is present, adjourn the meeting to another time and place.
- (b) The only business that may be transacted at any adjourned General Meeting is the business left unfinished at the meeting from which the adjournment took place.
- (c) When a General Meeting is adjourned for 30 days or more, notice of the adjourned General Meeting must be given as in the case of an original meeting.
- (d) Except when a General Meeting is adjourned for 30 days or more, it is not necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

8.8 Voting rights at General Meeting

- (a) At a General Meeting, each Member of a class entitled to vote at a meeting has the right to be represented by any proxy appointed in accordance with clause 9.2; and
- (b)
 - (i) each Large Financial Markets Member has three votes;
 - (ii) each Medium Financial Markets Member has two votes; and
 - (iii) each Small Financial Markets Member has one vote; and
- (c) each Member of another class entitled to vote at a General Meeting has one vote.

8.9 Voting majority at General Meeting

Any resolution arising at a General Meeting is passed only if at least 75 per cent. of all votes, calculated in accordance with clause 8.8, of those Members entitled to vote and present in person, or by proxy, are in favour of the resolution, other than a ballot of Members to elect Directors pursuant to clause 10.3(c) who are elected pursuant to the procedures set out in that clause.

8.10 Objections to voter qualification at General Meeting

- (a) No objection may be raised to the qualification of a voter except at the General Meeting at which the vote objected to is given or tendered.
- (b) An objection to the qualification of a voter must be referred to the Chair, whose decision is final.

- (c) A vote which is not disallowed by the Chair pursuant to these Rules is valid for all purposes.

8.11 Mode of calling and holding a General Meeting

A General Meeting may be:

- (a) called using any mode of communication which gives a Member written notice of the meeting, including electronic mail and publication on the Association's website; and
- (b) held using any technology that gives those Members attending the meeting a reasonable opportunity to participate.

8.12 Competition law compliance at General Meeting

Each attendee at a General Meeting must comply with the Commerce Act 1986 and the Association's Competition Statement at all times during the meeting, including during breaks.

9. PROXIES AT GENERAL MEETINGS

9.1 Proxies of Members

- (a) At General Meetings, each Financial Markets Member or other Member entitled to vote may vote in person or by proxy, where the proxy is appointed in accordance with clauses 9.2(a) and (b).
- (b) Subject to the terms of the appointment, a person attending as a proxy of a voting Member has all the powers of the voting Member.

9.2 Appointment of proxies

- (a) A Financial Markets Member or other Member entitled to vote at a General Meeting may appoint another person as that Member's proxy, to vote instead of that Member.
- (b) A proxy must be:
 - (i) the Chair of the Board, or
 - (ii) any officer or employee of the Member making the appointment; or
 - (iii) an officer or employee of any other Member entitled to vote.
- (c) A document appointing a proxy must be:
 - (i) in writing; and
 - (ii) signed by the Member making the appointment.

9.3 Authority of proxies

- (a) A document appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution or matter.
- (b) Where the document so provides, the person concerned is not entitled to vote on the resolution or matter except as specified in the document.
- (c) Except as expressly provided by the document appointing a proxy, an appointment of a proxy confers authority to do all things that the Member can do in respect of the meeting.

9.4 Verification of proxies

- (a) Before the time for holding the General Meeting at which a proxy proposes to vote:
 - (i) the document appointing the proxy must be received by the Association; and
 - (ii) if the appointment is signed by the appointor's attorney, the authority under which the appointment was signed, or a certified copy of that authority must be received by the Association.
- (b) Those documents must be received by the Association prior to the time the General Meeting commences.
- (c) If a General Meeting is adjourned, an appointment and any authority received by the Association before the resumption of the meeting is effective for the resumed part of the meeting.

9.5 Validity of proxies

A document appointing a proxy is invalid if it is not received prior to the time the General Meeting commences in accordance with clause 9.4(b).

9.6 Revocation of appointment of proxies

A vote given in accordance with the terms of a proxy is valid despite the revocation of the instrument or of the authority under which the instrument was executed, if no intimation in writing of that revocation is received by the Association before the commencement of the General Meeting at which the document is used.

9.7 Written resolution in lieu of General Meeting

A resolution in writing signed or consented to by email or other forms of visible or other electronic communication by 75% of the Members who are entitled to vote at a General Meeting shall be valid as if it had been passed at a General Meeting. Any such resolution may consist of several documents in the same form each signed by one or more of the Members.

10. APPOINTMENT AND RETIREMENT OF DIRECTORS

10.1 Number of Directors

- (a) The number of Directors must be not less than five.
- (b) The majority of the Directors at any time must be Members or officers or employees of Members who represent such Member on the Board.
- (c) After the first Annual General Meeting after the Incorporation Date, the number of Directors appointed under this clause must be not more than 10, or such other maximum number determined by the Board from time to time.

10.2 Appointment of Financial Markets Member Directors

- (a) Subject to clause 10.2(b), a Financial Markets Member may appoint or remove one Financial Markets Member Director by notice in writing to the Association, with effect from the later of the date that notice is given or the date specified in the notice.

- (b) A person cannot be appointed as a Financial Markets Member Director unless that person is:
 - (i) the chief executive (or equivalent) or head of institutional banking (or equivalent) or head of wholesale markets (or equivalent) of the Member; or
 - (ii) any other person who is a senior executive of the Member that the Board determines to be suitable; or
 - (iii) any other person that the Board deems to be an Eligible Person.

10.3 Nominations for appointment as Eligible Director

- (a) Each Financial Markets Member may nominate Eligible Persons for election as an Eligible Director from the date of an Annual General Meeting by notice in writing:
 - (i) signed by the Financial Markets Member and accompanied by the written consent of the Eligible Person so nominated; and
 - (ii) delivered to the Association not less than 5 days or some other period determined by the Board from time to time before the date fixed for the holding of that Annual General Meeting.
- (b) If nominations are received in number equal to or less than the available vacancies before reaching the maximum number of Directors allowed under clause 10.1(c), then those nominated are taken to be elected.
- (c) If more nominations are received than available vacancies before reaching the maximum number of Directors allowed under clause 10.1(c), a ballot is to be held at the Annual General Meeting to be conducted in such manner as the Chair thinks fit.
 - (i) Each Member present in person, or by proxy and entitled to vote, is entitled to vote for any number of candidates not exceeding the number of vacancies.
 - (ii) Those candidates equal in number to the maximum number of Directors allowed under clause 10.1(c) who attract the most votes will be declared elected.
- (d) Appointment of Directors takes effect from the time immediately following the Annual General Meeting for which they are nominated for election.

10.4 Period of office

- (a) At the first Annual General Meeting following the Incorporation Date, all Directors must retire from office, all of whom are eligible for nomination and re-election.
- (b) At each subsequent Annual General Meeting following their appointment, Eligible Directors must retire from office, but are eligible for nomination and re-election.
- (c) A person continues to hold office as a Financial Markets Member Director until the time he or she resigns, is removed from office, vacates his or her office in accordance with clause 10.6, or ceases to meet the requirements under clause 10.2(b).

10.5 Resignation of Directors

- (a) A Director may resign from office by giving notice in writing to the Association of his or her intention to resign.

- (b) A notice of resignation takes effect at the later of:
 - (i) the date of giving the notice; or
 - (ii) the expiration of the period, if any, specified in the notice.

10.6 Vacation of office

In addition to the circumstances in which the office of a Director becomes vacant under these Rules, the office of Director becomes vacant if the Director:

- (a) resigns in accordance with clause 10.5;
- (b) dies;
- (c) becomes a bankrupt or makes any arrangement or composition with his or her creditors; or
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health; or
- (e) is absent without the consent of the Board from the meetings of the Board held during a continuous period of more than six months and the Board resolves that the office of that Director be vacated;
- (f) is removed by resolution of the board in accordance with clause 12.8, on which the affected Director shall not be entitled to vote;
- (g) becomes disqualified from being a Director under section 47(3) of the Act;
- (h) becomes prohibited from being a director by reason of an order made under the Companies Act 1993.

10.7 Board vacancies between Annual General Meetings

- (a) Prior to any Annual General Meeting, in respect of any Board vacancy, for any reason, of a Financial Markets Member Director, the relevant Financial Markets Member may appoint a replacement Financial Markets Member Director, provided the replacement is approved by the Board.
- (b) Where the relevant Financial Markets Member does not appoint a replacement Director in accordance with clauses 10.7(a), or the Board vacancy is in respect of an Eligible Director, the Board may appoint a Director to fill the Board vacancy, but is not required to unless the Board vacancy results in the Board having fewer than the required number of directors under clause 10.1(a).

10.8 Alternate or substitute Directors

A Director may appoint any person or another Director to be an alternate or substitute Director in his or her place only with the approval of the Chair.

11. DIRECTORS' REMUNERATION

11.1 Directors fees

- (a) Subject to clause 11.2, the Directors are not entitled to any fees for their services as Directors.

- (b) Each Director is entitled to reimbursement of his or her reasonable expenses incurred in performing duties as a Director only if such expenses are approved by the Board.

11.2 Prior approval by Directors

Notwithstanding anything else in these Rules, no payment of any kind which is permitted to be paid to a Director by these Rules can be made to a Director until that payment is approved by the Board.

12. PROCEEDINGS OF BOARD AND BOARD MEETINGS

12.1 Methods of holding meetings

A Board meeting may be held by a number of the Directors who constitute a quorum;

- (a) being assembled together at the place, date and time appointed for the meeting; and/or
- (b) by means of audio, or audio and visual communication by which all the Directors participating can simultaneously hear each other throughout the meeting.

12.2 Notice of Board meeting

- (a) A Director or, if requested by a Director to do so, an employee of the Association approved by the Board for this purpose, may convene a Board meeting by giving notice in accordance with this clause 12.2 and clause 12.3.
- (b) Each Director must be given not less than two days' notice of a Board meeting, unless:
 - (i) the Director waives that right; or
 - (ii) in the opinion of the Chair or of Directors who would together constitute a quorum at the meeting, the meeting is necessary as a matter of urgency, in which case such notice as is practicable in the circumstances shall be given.
- (c) Notice of a Board meeting may be given to a Director in any of the following ways:
 - (i) by delivery of the notice to the Director, in which case the notice is deemed to be given when delivered; or
 - (ii) by posting the notice to the address given by the Director for the purpose of receiving notices, in which case the notice is deemed to be given three days after it is posted; or
 - (iii) by sending by electronic means in accordance with any request made by the Director from time to time for such purpose; or
 - (iv) by publication of the dates of the Board meetings on the Association's website (in which case notice shall be deemed to be given to the Director on the date of publication).

12.3 Contents of notice of a Board meeting

A notice of a Board meeting must specify the date, time and place of the meeting and, if the meeting is to be by means of audio, or audio and visual, communication, the manner in which the Director will be contacted to participate at the time of the Board meeting.

12.4 Waiver of irregularity of notice of a Board meeting

An irregularity in a notice of a Board meeting is waived if:

- (a) all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity; or
- (b) all the Directors entitled to receive notice of the meeting agree to the waiver.

12.5 Quorum at a Board meeting

- (a) A quorum for a Board meeting is any number of Directors who together hold not less than 25 per cent. of the total voting rights of the Board, as determined by reference to clause 12.8(c), or such other formula as determined by Members from time to time.
- (b) No business may be transacted at a Board meeting unless a quorum is present.

12.6 Lack of quorum at a Board meeting

- (a) If a quorum is not present within 30 minutes after the time appointed for a Board meeting, the meeting will be adjourned automatically until the following day at the same time and place.
- (b) If at the adjourned Board meeting a quorum is not present within 30 minutes from the time appointed for the meeting, the Directors present constitute a quorum.

12.7 Insufficient number of Directors

The Directors may act notwithstanding any vacancy in the Board, but if and for so long as their number is reduced below the minimum number, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a Board meeting or General Meeting, but for no other purpose.

12.8 Voting at Board meetings

- (a) Any resolution arising at a Board meeting is passed only if at least 75 per cent. of all votes, calculated in accordance with paragraph (c), of those Directors present at the meeting, and entitled to vote, are in favour of the resolution put to the meeting.
- (b) A decision of that majority is for all purposes a decision of the Board.
- (c)
 - (i) Each Director who is an employee of a Large Financial Markets Member has three votes.
 - (ii) Each Director who is an employee of a Medium Financial Markets Member has two votes.
 - (iii) Each Director who is an employee of a Small Financial Markets Member has one vote.

12.9 Chief Executive Officer

- (a) The Board may appoint a person as Chief Executive Officer.
- (b) The Chief Executive Officer is entitled to attend General Meetings, Board meetings, Committee meetings, Working Groups meetings and other Association meetings, except for certain Board meetings where the Chair has informed the Chief Executive Officer the Board will meet without the Chief Executive Officer in attendance.

- (c) The terms of appointment of the Chief Executive Officer are to be determined by the Board from time to time.

12.10 Appointment of Chair and deputy Chair

- (a) The Board will elect at the Annual General Meeting the following office bearers who must be Directors of the Association:
 - (i) a Chair to chair the Board meetings and the General Meetings; and
 - (ii) a deputy Chair.
- (b) Each office bearer:
 - (i) holds office until the earlier of the date of the next Annual General Meeting following appointment or the date he or she otherwise ceases to hold office; and
 - (ii) is eligible for re-election to the office to which he or she is appointed.
- (c) The Chair does not have a casting vote if there is an equality of votes at a Board meeting or a General Meeting.

12.11 Director's contracts

- (a) Subject to sections 22 -24 of the Act, if a Director is interested in a contract or proposed contract with the Association and the financial benefit to the Director under the contract is not prohibited by the Act:
 - (i) the Director is not disqualified by holding office as Director from contracting or entering into any arrangement with the Association, whether as vendor, purchaser or otherwise;
 - (ii) a contract or arrangement entered into by or on behalf of the Association in which the Director is in any way, whether directly or indirectly, interested, is not liable to be avoided; and
 - (iii) the Director is not liable to account to the Association for a profit realised from that contract or arrangement by reason of the Director holding that office.
- (b) A Director and a firm in which the Director is interested may act in a professional capacity for the Association.
- (c) The Director and that firm are entitled to remuneration for professional services as if the Director were not a Director.
- (d) Nothing in this clause authorises a Director or a firm in which the Director is interested to act as auditor of the Association.

12.12 Declarations of interest

A Director may not:

- (a) be counted in any quorum considering any contract or proposed contract with the Association in which he or she is interested; or
 - (b) vote in respect of any such contract or proposed contract,
- unless

- (c) the Director discloses the existence and nature of that interest to the Board prior to voting; and
- (d) if he or she does so vote without making disclosure, his or her vote may not be counted.

12.13 Delegation of powers to Committees and Working Groups

- (a) The Board may delegate any of its powers to Committees and Working Groups.
- (b) The exercise of a power by a Committee or a Working Group in accordance with these Rules is to be treated as the exercise of that power by the Board.
- (c) In the exercise of any powers delegated to it, a Committee or a Working Group must conform to the directions of the Board.

12.14 Proceedings of Committees and Working Groups

Except as provided in a direction of the Board, the meetings and proceedings of a Committee or Working Group is governed by the provisions of these Rules, in so far as they are applicable, as if meetings and proceedings of the Committee and Working Group were Board meetings and proceedings.

12.15 Validity of acts of Board

All acts done by the Board, or a Committee or Working Group consisting of Directors, or by any person acting as a Director are valid notwithstanding:

- (a) any defect in the appointment of any Director or person acting as a Director; or
- (b) that they or any of them were disqualified.

12.16 Minutes

- (a) The Board must keep minutes of all proceedings of General Meetings and Board meetings, including those proceedings and meetings, or part of those, where the Chief Executive Officer is not in attendance.
- (b) The Board must cause all minutes, to be signed by the Chair of the Board meeting or General Meeting at which the proceedings took place or by the Chair of the next succeeding meeting.

12.17 Circulating resolution of Directors

- (a) A resolution in writing, signed or assented to by Directors in accordance with clause 12.8, is as valid and effective as if it had been passed at a Board meeting of the Board duly convened and held.
- (b) Each Director must be given notice of the proposed resolution.
- (c) The resolution may consist of several documents in like form, each signed or assented to by one or more Directors.
- (d) A copy of the resolution must be entered in or kept with the records of Board proceedings.

12.18 Competition law compliance at Board meetings

Each attendee at a Board meeting must comply with the Commerce Act 1986 and the Association's Competition Statement at all times during the meeting, including during breaks.

12.19 Board Observers

The Board may invite observers from public sector entities to attend and participate in Board meetings by bringing a public interest perspective on issues faced by the Association. A Board observer does not have voting rights.

13. POWERS AND ROLE OF THE BOARD

Without limiting the Board's powers under these Rules, the Board has all the powers necessary for managing, and for directing and supervising the management of, the operation and affairs of the Association including, without limitation, the finances of the Association.

14. COMMITTEES

14.1 Establishment of Committees

The Board may establish one or more Committees, for the purpose of assisting the Association to achieve one or more of its objects, on such terms and having such role as determined by the Board, comprising Representatives, Member Attendees and Non-Member Attendees.

14.2 Appointment and removal of Committee members

- (a) Each Representative and Member Attendee to a Committee is to be appointed by the Board for a fixed period.
- (b) A Non-Member Attendee may be appointed to a Committee by the Board or the Chief Executive Officer for a fixed period.
- (c) A person ceases to be a Representative or Attendee on a Committee immediately upon the expiration of the period of his or her appointment or earlier upon the lapsing of his or her appointment.
- (d) The Board or the Chief Executive Officer may at any time by notice in writing to any Representative or Member Attendee, notify him or her that, from a nominated date, his or her status as Representative or Member Attendee to the Committee lapses or is extended to a later date.
- (e) The Board or Chief Executive Officer is not required to give reasons for the decision.

14.3 Role and Objects of Committee

The role and objects of any Committee established by the Board in accordance with clause 14.1 must be determined by the Board and documented in the terms of reference for the Committee.

14.4 Formation of Committee

- (a) Each Representative and Attendee must be a person who, in the opinion of the Board, has the capacity and experience to make a material contribution in assisting the Committee to achieve one or more of its objects. A Committee may comprise any number of Representatives and Attendees as determined by the Board or the Committee.

- (b) Representative and Attendee status ends on the date of the next Annual General Meeting following appointment to the Committee and can be resumed by reappointment at that Annual General Meeting.
- (c) Each Financial Markets Member may nominate a Representative with suitable expertise and experience for any Committee before each Annual General Meeting.
- (d) Each Member, other than a Financial Markets Member, may nominate a Member Attendee with suitable expertise and experience for any Committee before each Annual General Meeting. A Member is limited to nominate one Member Attendee on any Committee.
- (e) If a Representative or Attendee is unable to attend a Committee meeting, he or she must make every effort to nominate an alternate and brief him or her on the matters to be determined as discussed at the Committee meeting.
- (f) Failure of a Representative or Attendee to attend three consecutive Committee meetings without an adequate explanation may result in the Board terminating their appointment to the Committee.

15. WORKING GROUPS

15.1 Establishment of Working Groups

- (a) The Board or a Committee may establish Working Groups for a one-off purpose, such as preparing an industry submission or looking at a specific area of the market, to assist the Association achieve one or more of its objects.
- (b) A Working Group may comprise any number of Representatives and Attendees as determined by the Board or a Committee.

15.2 Appointment and removal of Working Groups members

- (a) Each Representative and Attendee on a Working Group is to be appointed by the Board or the Chief Executive Officer for a fixed period.
- (b) A person ceases to be a Representative or Attendee on a Working Group immediately upon the expiration of the period of his or her appointment or earlier upon the lapsing of his or her appointment.
- (c) The Board or the Chief Executive Officer may at any time by notice in writing to any Representative or Attendee, notify him or her that, from a nominated date, his or her status as Representative or Attendee to the Working Group lapses or is extended to a later date.
- (d) The Board or Chief Executive Officer is not required to give reasons for the decision.
- (e) Failure of a Representative or Attendee to attend three consecutive Working Group meetings without an adequate explanation may result in the Board terminating their appointment to the Working Group.

15.3 Role and Objects of a Working Group

The role and objects of any Working Group established by the Board or a Committee in accordance with clause 15.1 must be determined by the Board or the Committee and documented in the terms of reference for the Working Group.

15.4 Responsibilities of Committee and Working Group members

- (a) Each Representative and Attendee on a Committee or Working Group must attend meetings and actively contribute to the affairs of the Committee or Working Group.
- (b) Each Representative and Attendee must have regard to the objects of the Association and any Terms of Reference in respect of that Committee or Working Group when making contributions to the affairs of the Committee or Working Group.

15.5 Composition of Committee and Working Group

- (a) Each Committee and Working Group must elect a Chair and a deputy Chair.
- (b) The Association must provide secretariat services to support each Committee and Working Group.

15.6 Meeting agenda

- (a) The Association will prepare agendas for the Committee or Working Group meetings and distribute them to Representatives and Attendees a week before any Committee or Working Group meeting.
- (b) The agenda for each Committee or Working Group meeting should include:
 - (i) a confirmation of the minutes of the previous meeting;
 - (ii) progress on action items from previous meetings;
 - (iii) new business items for the meeting;
 - (iv) any other business; and
 - (v) setting (or confirming) the date, time and place for the next meeting.

15.7 Committee and Working Group meetings

- (a) Committees and Working Groups will meet as required.
- (b) Telephone and videoconference linkages can be used to facilitate Committee and Working Group meetings.
- (c) The Chair of the Committee or Working Group or, in his or her absence, the deputy Chair of the Committee or Working Group, will preside over each Committee meeting and Working Group meeting. If neither the Chair nor the deputy Chair attends, the Committee or Working Group will elect a Representative of a Financial Markets Member to preside over that meeting.
- (d) A quorum for a Committee meeting or Working Group meeting is 50 per cent. of the Representatives on a Committee or Working Group.

- (e) Costs incurred in preparing for and attending Committee meetings and Working Group meetings are for the account of the organisations represented, unless otherwise approved by the Board.
- (f) Members who are not directly represented on a Committee or Working Group can raise issues:
 - (i) to be included on the agenda of each meeting of the Committee or Working Group; or
 - (ii) to present in person at a meeting, of a Committee or Working Group.
- (g) In relation to paragraph (e) above, approval or otherwise rests with the Board or Chief Executive Officer.

15.8 Minutes

- (a) Minutes of Committee meetings and Working Group meetings will be drafted by the Association and attached to the subsequent Committee or Working group meeting for approval.
- (b) Draft minutes should be sent to Committee and Working Group Representatives, ideally within 10 business days of the meeting.

15.9 Voting

- (a) Committee and Working Group Representatives and Attendees should work towards reaching a consensus.
- (b) Where consensus on a matter cannot be achieved by the Committee or Working Group, the matter shall be referred to the Board to be determined by a vote in accordance with clause 12.8.
- (c) Before finalising its view on a matter it considers significant in a market context, a Committee or Working Group should consult the broader membership of the Association, where possible, if this process might capture views not fully represented during its discussions.

15.10 Competition law compliance by Committees and Working Groups

Each Representative and Attendee at a Committee or Working Group meeting must comply with the Commerce Act 1986 and the Association's Competition Statement at all times during the meeting, including during breaks.

16. EXECUTION OF DOCUMENTS

16.1 Execution of documents by Directors

The Association may execute a document if the document is signed by:

- (a) two Directors; or
- (b) a Director and some other person appointed by the Board for the purpose.

16.2 Execution of Documents under Chief Executive Officer delegation

In addition, the Association may execute a document in accordance with a delegation conferred by the Board to the Chief Executive Officer, pursuant to the Board - Chief Executive Delegations Policy.

17. SURPLUS ASSETS ON WINDING-UP OR DISSOLUTION

17.1 If upon winding-up or dissolution of the Association there remains after the satisfaction of all its debts and liabilities any property whatsoever the same shall not be paid or distributed among the members of the Association but shall be given or transferred to some other organisation or body which:

- (a) has similar objects to those of the Association; and
- (b) whose constituent documents prohibit the distribution of its income and property among its members on terms substantially to the effect of clause 7.1.

18. ACCOUNTS, AUDIT AND RECORDS

18.1 Accounts

- (a) The Board must cause proper accounting and other records to be kept in accordance with the Act.
- (b) The Board must distribute copies of every profit and loss account and balance sheet (including every document required by law to be attached thereto) as required by the Act.

18.2 Financial year

The financial year of the Association begins on 1 April and ends on 31 March, or any other dates that the Board decides from time to time.

18.3 Audit

- (a) An auditor of the Association must be appointed.
- (b) The remuneration of the auditor must be fixed and agreed by the Board.

18.4 Appointing an Auditor

- (a) The Auditor must audit the Association's accounts and must certify that they are correct.
- (b) The Auditor will be appointed by a resolution passed at the Annual General Meeting, in accordance with clause 8.9.
- (c) The Auditor must be a Chartered Member of Chartered Accountants Australia and New Zealand or equivalent.
- (d) If the Association appoints an Auditor who is unable to act for any reason, the Board must appoint another Auditor as a replacement.

18.5 Rights of inspection

- (a) The Board may determine whether, to what extent and at what times and places and under what conditions, the accounting records and other documents of the Association or any of them are open to the inspection of Members (other than Directors).
- (b) A Member (other than a Director) has no right to inspect any document of the Association except as provided by law or authorised by the Board or the Association.

19. RULES

19.1 Power to formulate rules of Association

Without limiting the Board's powers under these Rules, the Board may from time-to-time pass resolutions to make regulations and rules relating to:

- (a) the qualifications of Members and applicants for membership;
- (b) the procedure and timing of an application for admission;
- (c) procedure for nomination of Directors;
- (d) the delegation by the Board of its powers to Committees and Working Groups;
- (e) the power, role and function of any officer, employee or Directors; and
- (f) any other matter not being inconsistent with these Rules which relates to the operations or business of the Association.

19.2 General amendments to these Rules

Subject to clause 19.3, these Rules may only be altered, added to or rescinded by a resolution passed at a General Meeting in accordance with these Rules.

19.3 Minor or technical amendments to these Rules

- (a) Minor or technical amendments to these Rules may be made in accordance with section 31 of the Act.
- (b) The Board will provide written notice to every Member of any amendment to the Rules made in accordance with clause 19.3(a).

19.4 Registration of Rule changes

- (a) When a rule change is approved by the Board, the new rules will be filed with the Registrar of Incorporated Societies and advised to the Registrar in the required form.
- (b) No rule change takes effect until this is done.

20. NOTICES

20.1 Person authorised to give notices

- (a) A notice by either the Association or a Member in connection with these Rules may be given on behalf of the Association or Member by a solicitor, Director or Chief Executive Officer.
- (b) The signature of a person on a notice given by the Association may be written, printed or electronic.

20.2 Method of giving notices

A notice by the Association or a Member in connection with these Rules may be given to the addressee by:

- (a) delivering it to a street address of the addressee;
- (b) sending it by prepaid ordinary post (airmail if outside New Zealand) to a street or postal address of the addressee; or
- (c) sending it by electronic mail to the electronic mail address of the addressee.

20.3 Addresses for giving notices to Members

- (a) The street address or postal address of a Member is the street or postal address of the Member shown in the Register to which notices may be sent to the Member.
- (b) The electronic mail address of a Member is that address specified by the Member in writing to the Association as the electronic mail address to which notices may be sent to the Member.

20.4 Address for giving notices to Association

- (a) The street and postal address of the Association is the registered office for the time being of the Association and is an address for giving notices to the Association under these Rules.
- (b) The electronic mail address of the Association is also an address to which notices may be given to the Association under these Rules.

20.5 Time notice of meeting is given

A notice of meeting given in accordance with these Rules is to be taken as given, served and received:

- (a) if delivered to the street address of the addressee, at the time of delivery;
- (b) if it is sent by post to the street or postal address of the addressee, on the business day after posting; or
- (c) if sent by electronic mail to the electronic mail address of the addressee, at the time the electronic mail was sent.

20.6 Time other notices are given

A notice given in accordance with these Rules is to be taken as given, served and received:

- (a) if delivered to the street address of the addressee, at the time of delivery;
- (b) if it is sent by post to the street or postal address of the addressee, on the second (fifth if outside New Zealand) business day after posting; or
- (c) if sent by electronic mail to the electronic mail address of the addressee, at the time the electronic mail was sent.

20.7 Persons entitled to notices of Board meeting and General Meetings

- (a) Notice of every Board meeting and General Meeting must be given;

- (i) by a method authorised by these Rules; and/or
 - (ii) by publication of the dates of the Board meetings and General Meetings on the Association's website.
- (b) Notice of every Board meeting and General Meeting, given in accordance with clause 8.2 must be given to:
 - (i) for a General Meeting only, every Member;
 - (ii) every Director;
 - (iii) the Chief Executive Officer; and
 - (iv) for the Annual General Meeting only, the auditor for the time being of the Association (if any).
- (c) No other person is entitled to receive notices of Board meetings and the General Meeting.

21. CONTACT PERSON(S)

The Chief Executive Officer will appoint at least one, and no more than three, Contact Person(s). A Contact Person may be any person, but that person must consent to being a Contact Person. Any change in a Contact Person's details must be advised to the Registrar of Incorporated Societies within 20 working days of any such change occurring.

22. INDEMNITY AND INSURANCE

The Association may indemnify and insure its Directors and other officers and employees to the maximum extent permitted by Part 3, Subpart 6 of the Act. The Board may determine (a) the terms and conditions of any such indemnity, and (b) the amounts and the terms and conditions of any such insurance.

23. DISPUTE RESOLUTION

Disputes shall be resolved in accordance with the process set out in Schedule 2.

SCHEDULE 1 – INITIAL MEMBERS

1. Financial Markets Members

Westpac Banking Corporation

ANZ National

Bank of New Zealand

Auckland Savings Bank

Hong Kong Shanghai Banking Corporation

Citibank

Kiwibank

Deutsche Bank

2. Affiliate Members

Reserve Bank of New Zealand

SCHEDULE 2 – DISPUTE RESOLUTION

1. **Meaning of dispute**

- (a) A **dispute** is a disagreement or conflict involving the Association and/or its Members in relation to specific allegations set out below.
- (b) The disagreement or conflict may be between any of the following persons:
 - (i) 2 or more Members;
 - (ii) 1 or more Members and the Association;
 - (iii) 1 or more Members and 1 or more Directors or other officers;
 - (iv) 2 or more Directors or other officers;
 - (v) 1 or more Directors or other officers and the Association; or
 - (vi) 1 or more Members or Directors or other officers and the Association.
- (c) The disagreement or conflict relates to an allegation that:
 - (i) a Member or Director or other officer has engaged in misconduct;
 - (ii) a Member or Director or other officer has breached, or is likely to breach, a duty under these rules or the Act;
 - (iii) the Association has breached, or is likely to breach, a duty under these rules or the Act; or
 - (iv) a Member's rights or interests as a Member have been damaged or Members' rights or interests generally have been damaged.

2. **Making a complaint**

- (a) A Member or Director or other officer may make a complaint by giving to the Board a notice in writing that:
 - (i) states that the Member or Director or other officer is starting a procedure for resolving a dispute in accordance with these Rules; and
 - (ii) sets out the allegations to which the dispute relates.
- (b) The Association may make a complaint involving an allegation against a Member or a Director or other officer by giving to the Member or Director or other officer a notice in writing that:
 - (i) states that the Association is starting a procedure for resolving a dispute in accordance with these Rules; and
 - (ii) sets out the allegation to which the dispute relates.
- (c) In each case, the information setting out the allegations must be sufficiently detailed to ensure that a person against whom an allegation is made is fairly advised of the allegation or allegations concerning them with sufficient details given to enable that person to prepare a response.

- (d) A complaint may be made in any other reasonable manner permitted by these Rules.
- (e) All Members (including the Board) are obliged to cooperate to resolve disputes efficiently, fairly, and with minimum disruption to the Association's activities.
- (f) The complainant raising a dispute, and the Board, must consider and discuss whether a dispute may be best resolved through informal discussions, mediation, arbitration, or a tikanga-based practice. Where mediation or arbitration is agreed on, the parties will sign a suitable mediation or arbitration agreement.

3. **Person who makes complaint has right to be heard**

- (a) A Member or a Director or other officer who makes a complaint has a right to be heard before the complaint is resolved or any outcome is determined.
- (b) If the Association makes a complaint:
 - (i) the Association has a right to be heard before the complaint is resolved or any outcome is determined; and
 - (ii) a Director or other officer may exercise that right on behalf of the Association.
- (c) Without limiting the manner in which the Member, Director or other officer, or the Association may be given the right to be heard, they must be taken to have been given the right if:
 - (i) they have a reasonable opportunity to be heard in writing or at an oral hearing (if one is held);
 - (ii) an oral hearing is held if the decision maker considers that an oral hearing is needed to ensure an adequate hearing;
 - (iii) an oral hearing (if any) is held before the decision maker; and
 - (iv) the Member's, Director's or other officer's, or the Association's written statements or submissions (if any) are considered by the decision maker.

4. **Person who is subject of complaint has right to be heard**

- (a) This clause applies if a complaint involves an allegation that a Member, Director or other officer, or the Association (the **respondent**):
 - (i) has engaged in misconduct;
 - (ii) has breached, or is likely to breach, a duty under these Rules or the Act; or
 - (iii) has damaged the rights or interests of a Member or the rights or interests of Members generally.
- (b) The respondent has a right to be heard before the complaint is resolved or any outcome is determined.
- (c) If the respondent is the Association, a Director or other officer may exercise the right on behalf of the Association.
- (d) Without limiting the manner in which a respondent may be given a right to be heard, a respondent must be taken to have been given the right if:

- (i) the respondent is fairly advised of all allegations concerning the respondent, with sufficient details and time given to enable the respondent to prepare a response;
- (ii) the respondent has a reasonable opportunity to be heard in writing or at an oral hearing (if one is held);
- (iii) an oral hearing is held if the decision maker considers that an oral hearing is needed to ensure an adequate hearing;
- (iv) an oral hearing (if any) is held before the decision maker; and
- (v) the respondent's written statement or submissions (if any) are considered by the decision maker.

5. Investigating and determining dispute

- (a) The Board must, as soon as is reasonably practicable after receiving or becoming aware of a complaint made in accordance with the constitution, ensure that the dispute is investigated and determined.
- (b) Disputes must be dealt with under these Rules in a fair, efficient, and effective manner.

6. The Association may decide not to proceed further with complaint

Despite paragraph 5, the Board may decide not to proceed further with a complaint if:

- (a) the complaint is trivial; or
- (b) the complaint does not appear to disclose or involve any allegation of the following kind:
 - (i) that a Member or a Director or other officer has engaged in material misconduct;
 - (ii) that a Member, or a Director or other officer, or the Association has materially breached, or is likely to materially breach, a duty under these Rules or the Act; or
 - (iii) that a Member's rights or interests or Member's rights or interests generally have been materially damaged; or
- (c) the complaint appears to be without foundation or there is no apparent evidence to support it;
- (d) the person who makes the complaint has an insignificant interest in the matter;
- (e) the conduct, incident, event, or issue giving rise to the complaint has already been investigated and dealt with under the constitution; or
- (f) there has been an undue delay in making the complaint.

7. Association may refer complaint

The Board may refer a complaint to:

- (a) a subcommittee or external person to investigate and report;
- (b) a subcommittee, an arbitral tribunal, or external person to investigate and make a decision; or
- (c) the Board may, with the consent of all parties to a complaint, refer the complaint to any type of consensual dispute resolution (for example, mediation, facilitation, or a tikanga based practice).

8. **Decision makers**

A person may not act as a decision maker in relation to a complaint if two or more members of the Board or a complaints subcommittee consider that there are reasonable grounds to believe that the person may not be:

- (a) impartial; or
- (b) able to consider the matter without a predetermined view.