

STOCKBROKERS AND FINANCIAL ADVISERS ASSOCIATION LIMITED
ACN 089 767 706



**Stockbrokers
And Financial Advisers**

Association Limited

CONSTITUTION

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**THE CORPORATIONS LAW
COMPANY LIMITED BY GUARANTEE
CONSTITUTION
OF
STOCKBROKERS AND FINANCIAL ADVISERS ASSOCIATION LTD
ACN 089 767 706**

1. The name of the company is the Stockbrokers And Financial Advisers Association Limited ("the Association", "the Stockbrokers And Financial Advisers Association" or "SAFAA").

INTERPRETATION

2.
 - 2.1 In this Constitution the following shall have the meanings respectively assigned to them, unless a contrary intention appears:
 - 2.1.1 **"Act"** means the *Corporations Law* as modified from time to time;
 - 2.1.2 **"Affiliate Members"** means any person or organisation to whom the Board may grant membership from time to time and who is not a Principal Member or a Practitioner Member;
 - 2.1.3 **"Alternate Member's Representative"** means an Alternate Member's Representative appointed in accordance with Clause 21;
 - 2.1.4 **"Annual General Meeting"** means an Annual General Meeting in accordance with Clause 30;
 - 2.1.4A **"Appeal Committee"** means the Appeal Committee established under the Conduct Review and Disciplinary System and by whatever name called to hear an appeal from any matter;
 - 2.1.5 **"Association"** means the Stockbrokers and Financial Advisers Association Limited;
 - 2.1.6 **"Associate"** means an associate within the meaning of section 9 of the Act;
 - 2.1.7 **"ASX"** means the Australian Stock Exchange Limited or its successors from time to time;
 - 2.1.8 **"Auditor"** means an Auditor appointed in accordance with Clause 96;
 - 2.1.9 **"Board"** means Board of Directors of the Association;
 - 2.1.9A **"business day"** has the same meaning as in the Corporations Act;

- 2.1.10 **“Chairman”** means a Director appointed as Chairman in accordance with Clause 52;
- 2.1.10A **“Code of Ethics”** means the Stockbrokers And Financial Advisers Association Code of Ethical Conduct as adopted by the Board as amended from time to time, or as prescribed by law, and by whatever name the Code of Ethics may be titled;
- 2.1.11 **“Committees”** means any Committee formed in accordance with this Constitution;
- 2.1.11A **“Conduct Review and Disciplinary System”** means the Stockbrokers And Financial Advisers Association Conduct Review and Disciplinary System adopted by the Board as amended from time to time and by whatever name the system may be called;
- 2.1.12 **“Corporate Group”** means a group of related bodies corporate within the meaning of the Act and which are each licensed as either a dealer, broker or adviser under the Act;
- 2.1.13 **“Deputy Chairman”** means a Director appointed as Deputy Chairman in accordance with Clause 52;
- 2.1.14 **“Director”** means a Director of the Board;
- 2.1.15 **“Financial Year”** means each year ending 30 June;
- 2.1.16 **“Industry”** means the securities and derivatives industry;
- 2.1.17 **“Institutional Broker”** means a person which is licensed as either a dealer, broker or adviser under the Act and the business of which is predominantly the provision of services to non-retail investors but also the provision of services to retail investors within the meaning of the Act;
- 2.1.18 **“Institutional Broking Committee”** means the Institutional Broking Committee (or otherwise as it may be referred to from time to time) constituted herein and whose Rules shall be determined by the Board in accordance with Clause 76;
- 2.1.19 **“Interim Board”** means the Interim Board appointed in accordance with Clauses 46 and 47;
- 2.1.20 **“Managing Director”** means the Managing Director of the Board appointed in accordance with Clause 72;
- 2.1.21 **“Member”** means a Member of the Association as specified in Clause 8 and 9;
- 2.1.22 **“Membership Year”** means the year commencing on 1 October and

ending on 30 September;

- 2.1.23 **“Nominations Committee”** means the Nominations Committee (or otherwise as it may be referred to from time to time) constituted herein and whose Rules shall be determined by the Board in accordance with Clause 76;
- 2.1.24 **“Office”** means the registered office from time to time of the Association;
- 2.1.25 **“Practitioner Member”** means a natural person who continues to be a Member in accordance with this Constitution;
- 2.1.26 **“Principal Member”** means a Retail Broker or an Institutional Broker in the Industry which is a corporation licensed as either a dealer, broker or adviser under the Act or a partnership where the partners are each licensed as either a dealer, broker or adviser under the Act and which continues to be a Member in accordance with this Constitution but excluding any natural person who would be considered to be a Practitioner Member;
- 2.1.26A **“Professional Conduct Review”** means a conduct review established by that name or by any other name under the terms of the Conduct Review and Disciplinary System;
- 2.1.26B **“Professional Conduct Tribunal”** means the conduct review tribunal established by that name or by any other name under the terms of the Conduct Review and Disciplinary System;
- 2.1.27 **“Register of Members”** means a Register of Members in accordance with Clause 29;
- 2.1.28 **“Member’s Representative”** means a natural person nominated by a Principal Member and approved by the Board in accordance with Clause 17;
- 2.1.29 **“Retail Broker”** means a person which is licensed as either a dealer, broker or adviser under the Act and the business of which is predominantly the provision of services to retail investors within the meaning of the Act;
- 2.1.30 **“Retail Broking Committee”** means the Retail Broking Committee (or otherwise as it may be referred to from time to time) constituted herein and whose Rules shall be determined by the Board in accordance with Clause 76;
- 2.1.31 **“the Rules”** means any Rules made in accordance with Clause 78;
- 2.1.31A **“SAFAA”** means the Stockbrokers And Financial Advisers Association Limited;

- 2.1.32 **“Secretary”** means the Secretary to the Board appointed in accordance with the terms of Clause 102;
- 2.1.33 **“this Constitution”** means this Constitution as altered or added to from time to time and any reference to a Clause by number is a reference to the Clause of that number in this Constitution;
- 2.1.34 **“writing”** and **“written”** includes printing, typing, lithography and other modes of reproducing words in a visible form; and
- 2.1.35 **“year”** means calendar year.
- 2.2 Unless otherwise defined in this Constitution, words which are given a special meaning by the Act shall have the same meaning in this Constitution.
- 2.3 A reference to the Act or any other statute or regulations thereof shall be read as though the words "or any statutory modification thereof or any statutory provision substituted therefor" were added to such reference.
- 2.4 The references to notices in Clauses 97 to 100 include not only formal notices of meeting but also all documents and other communications from the Association to the Members but do not include cheques.
- 2.5 Words importing the singular include the plural and vice versa.
- 2.6 The headings shall not affect the construction of this Constitution.
- 2.7 Words denoting individuals will include corporations, partnerships, joint ventures, associations whether incorporated or unincorporated, authorities and trusts, and vice versa unless a contrary intention is expressed.
- 2.8 Words importing one gender include all other genders.
- 2.9 Each of the provisions of the sections or sub-sections of the Act which would but for this Clause apply to the Association as a replaceable rule within the meaning of the Act are displaced and do not apply to the Association except insofar as they are repeated in this Constitution.

OBJECTS

3. The objects for which the Association is established are to promote:
- 3.1 An integrated single national body to represent the interests of organisations and individuals in the securities and derivatives industry.

- 3.2 The amalgamation of two existing representative groups in the Industry namely the large brokers group and the Private Client Stockbrokers Association Limited.
 - 3.3 The formulation of unified policy in respect of the matters relating to the Industry but with a recognition of the pluralism that exists within the membership of the Association.
 - 3.4 The pursuit of an appropriate regulatory regime for Practitioner Members and Principal Members.
 - 3.5 The establishment and maintenance of an institute, or professional body, for Practitioner Members.
4. The Association may do all such things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Association.

WINDING UP

5. The liability of the members of the Association is limited.
6. Each member of the Association undertakes to contribute to the assets of the Association in the event of it being wound up while he is a member or within one year after he ceases to be a member for -
 - 6.1 payment of the debts and liabilities of the Association, contracted before he ceased to be a member; and
 - 6.2 the costs and charges of such winding up -such amount as may be required but not exceeding \$20.00.
7. If upon the winding up or dissolution of the Association there remains, after satisfaction of all its debts and liabilities any property or assets, the same shall not be paid to or distributed amongst the members of the Association but shall be given or transferred to some institution or institutions having objects similar to the objects of the Association and whose memorandum or constitution shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Association under this Clause, such institution or institutions to be determined by the members of the Association at or before the time of dissolution or in default of such determination by such Judge of the Supreme Court of Victoria as may have or acquire jurisdiction in the matter.

MEMBERS

8. Any person who has provided consent in writing to become a Member of the Association as described in this Constitution shall become a Member immediately upon the incorporation of the Association pursuant to the Act and shall be subject to the classification of their membership by the Board in accordance with Clause 10 and subject to the payment of any fees in accordance with Clause 25.
9. Subject to other provisions in this Constitution, the following persons are eligible to apply to become Members of the Association and may be accepted for membership by the Board upon payment of the relevant fees payable under this Constitution:
 - 9.1 Retail Brokers may apply to become Principal Members;
 - 9.2 Institutional Brokers may apply to become Principal Members;
 - 9.3 an organisation the Board determines is neither a Retail Broker or an Institutional Broker may apply to become a Principal Member;
 - 9.4 natural persons may apply to become Practitioner Members; and
 - 9.5 natural persons or organisations whose employment or business is significantly exposed to the Industry may apply to become Affiliate Members.
10. The classification of Principal Members as either Retail Brokers or Institutional Brokers or otherwise shall be in the absolute discretion of the Board and the Board may reject an application to become a Principal Member where the applicant is an Associate of a Principal Member.
11. An application by a person for membership of the Association shall be made in writing in such form as is required by the Board from time to time and shall be lodged with the Secretary of the Association.
12. As soon as practicable after the receipt of an application, the Secretary shall refer that application to the Board. Upon an application being referred to the Board, the Board shall, in its sole discretion and in the strictest confidence, determine whether to approve or to reject the application. In doing so the Board shall consider, but shall not be limited to considering, the criteria set out in Clause 9 and whether the applicant has engaged in or is likely to have engaged in, conduct which is referred to in Clause 24 or which is contradictory to the Association's objects.
13. Upon an application being rejected by the Board, the Secretary shall, in the strictest confidence and as soon as practicable, notify the applicant in writing of the rejection.

14. Upon an application being approved by the Board, the Secretary shall, in the strictest confidence and as soon as practicable, notify the applicant in writing of the approval for membership of the Association. The Secretary shall also notify the applicant of the joining fee, the first year's annual fee (or part thereof) and any current special fee which is payable by the applicant, and shall request payment of such fees within 28 days.
15. The Secretary shall, upon payment of the amounts referred to in Clause 14 within the period referred to in that Clause, enter the applicant's full name and the details required by this Constitution in the Register of Members and, upon the name and all details being so entered, the applicant shall become a Member of the Association.
16. A right, privilege or obligation of a Member by reason of membership of the Association:
 - 16.1 is not capable of being transferred or transmitted to another person; and
 - 16.2 terminates upon the cessation of the membership.

MEMBER'S REPRESENTATIVES

17. A Principal Member may, by notice deposited at the Office in the form prescribed by the Board from time to time, appoint a person to act as its Member's Representative, and such person may represent and vote, subject to Clause 44, on behalf of that Principal Member at general meetings of the Association, provided however that no such appointment shall be valid until the Board has approved the appointment and such approval shall not be unreasonably withheld. The Principal Member responsible for appointing its Member's Representative must notify the Stockbrokers and Financial Advisers Association in the form prescribed by the Board from time to time within 30 days of any change to the Member's Representative previously appointed.
18. A duly appointed Member's Representative shall (except to the extent to which the Member's Representative is specifically directed to vote for or against any proposal) have the power to act generally at general meetings of the Association for the relevant Principal Member.
19. A vote given in accordance with the terms of an instrument appointing a Member's Representative shall be valid notwithstanding the previous revocation of the appointment provided no intimation in writing of the revocation shall have been received at the Office before the meeting.

20. The Board may by resolution and in its sole discretion (following consultation with the relevant Principal Member) withdraw its approval of a Member's Representative if it is of the reasonable opinion that it is in the interests of the Association to do so.

ALTERNATE MEMBER'S REPRESENTATIVES

21. A Principal Member may appoint an Alternate Member's Representative by notice in writing, provided however that no such appointment shall be effective until approved by the Board and such approval shall not be unreasonably withheld. During the absence or inability to act of the Representative of the Principal Member by whom the Alternate Member's Representative has been appointed, the Alternate Member's Representative can assume all the power of the Member's Representative concerned including without limitation the right to vote at General Meetings.
22. The following provisions shall apply to any such Alternate Member's Representative:
 - 22.1 they may be removed or suspended from office by written notice, letter, telegram, facsimile transmission, email or other form of visible communication to the Office from the Principal Member by whom they were appointed to the Association;
 - 22.2 they shall be entitled to receive notices of General Meetings and to attend and vote if the Member's Representative of the Principal Member by whom they were appointed is not able to be present at the relevant meeting;
 - 22.3 they shall not be entitled to appoint an Alternate Member's Representative;
 - 22.4 they shall ipso facto vacate office if the Principal Member by whom they were appointed should cease to be a Member; and
 - 22.5 they shall whilst acting as a Member's Representative be responsible to the Association for their own acts and defaults and shall not be deemed to be the agent of the principal Member by whom they were appointed.

TERMINATION OF MEMBERSHIP

23. A Member who has paid all moneys due and payable by that Member to the Association may resign from the Association by giving at least one month's notice in writing to the Secretary of its intention to resign, but a Member's resignation is only effective from the date on which it is accepted by the Board. Upon the Board's acceptance of the Member's resignation and the expiration of the period of notice, the Member ceases to be a Member. Any Member intending to resign from the Association may withdraw its notice of resignation prior to the expiration of that period of notice. The Board may in its sole discretion and without assigning any reason, refuse to accept the resignation of a Member.

24. Subject to this Constitution, the Board may by resolution and in its sole discretion terminate the membership of a Member or change the category of membership of a Member if the Board is of the reasonable opinion that the Member:
- 24.1 has refused or neglected to comply with this Constitution or any Rules or a reasonable direction of the Board;
 - 24.2 has engaged in conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or practise the values of honesty or fair dealing in relation to other Members, clients of a Member or the public;
 - 24.3 has engaged in unsatisfactory professional conduct where the conduct is such that it involves a substantial or consistent failure to reach reasonable standards of competence and diligence;
 - 24.4 has engaged in conduct that is or could reasonably be considered as likely to be prejudicial to the interests of the Association;
 - 24.5 in the case of a Principal Member, is no longer eligible or licensed to act as a Principal Member;
 - 24.5A in the case of a Member who is a natural person:
 - 24.5A.1 has died;
 - 24.5A.2 has become mentally incapacitated or their person or estate is liable to be dealt with in any way under the laws relating to mental health;
 - 24.5A.3 has been convicted in respect of any dishonesty offence;
 - 24.5A.4 has become an undischarged bankrupt, or has executed a deed of arrangement under Part X of the Bankruptcy Act 1966 (or a similar law of another country) and the terms of the deed have not been fully complied with, or the person's creditors have accepted a composition under Part X of the Bankruptcy Act 1966 (or a similar law of another country) and final payment has not been made under the composition;
 - 24.5A.5 has had a civil penalty order made against him or her by any court; or
 - 24.5A.6 has been the subject of an adverse finding made by the Australian Securities and Investments Commission or any other regulator;
 - 24.6 has failed to pay fees payable to the Association within one month after such fees fell due, and such fees remain unpaid after the Board has provided the Member with 14 days' written notice of its intention to terminate the Member's membership; or

24.7 no longer complies with membership criteria prescribed by the Board (or a Committee of the Board as the case may be) from time to time.

24A. For the purposes of the Board exercising its discretion under clause 24 the Board may require a Member to appear before a disciplinary hearing. The proceedings of any disciplinary hearing will be conducted in accordance with any Rules developed by the Board under this Constitution from time to time.

24B Subject to this Constitution and to the Conduct Review and Disciplinary System, the Board shall suspend or terminate the membership of any Member upon a determination being made by the Professional Conduct Tribunal that the membership be suspended or terminated, as the case may be.

CONDUCT REVIEW AND DISCIPLINARY PROCEDURES

24C. Without limiting the Board's power to make Rules, the Board may prescribe rules setting out the Conduct Review and Disciplinary System, and such other procedures as may be ancillary to give effect thereto, relating to:

24C.1 Receiving and handling a complaint against a Member from any person, including, without limitation, a complaint regarding a breach of the Code of Ethics or of this Constitution, or any matter relating to the professional conduct of a Member;

24C.2 Investigating any complaint;

24C.3 Carrying out reviews of compliance by a Member with their obligations under:

- (i) the Code of Ethics
- (ii) this Constitution;
- (iii) any determination made under the Conduct Review and Disciplinary system; or
- (iv) any other matter prescribed by the Board;

24C.4 Resolving any complaint or compliance review or Professional Conduct Review, including the conduct of hearings or appeals and imposing sanctions (which may include the imposition of a monetary penalty and/or an order for payment of costs) against a Member;

24C.5 Establishing a body or bodies responsible for administering and conducting hearings or appeals in respect of any matter in 24C;

24C.6 The production of and access to documents and the provision of information relevant to any matter in 24C.1- 24C.4

24C.7 The payment of costs incurred by any person in connection with any matter in 24C.

- 24C.8 The recording and publication of any information relating to any matter in 24C.
- 24D Without limiting the generality of 24C, the Association may record information relating to any matter in 24C and may publish or disclose such information, including in a newsletter, a circular or to a regulator.
- 24E Upon becoming a Member of the Association, a Member:
- 24E.1 agrees to comply with the Code of Ethics and with any guidance issued by the Association;
 - 24E.2 agrees to be subject to the Conduct Review and Disciplinary System;
 - 24E.3 agrees to the Association conducting monitoring of compliance by the Member with the Code of Ethics and the Member's obligations under the Constitution or any other matter prescribed by the Board in 24C;
 - 24E.4 agrees to the Association conducting an investigation of any complaint made against the Member or any compliance review or Professional Conduct Review;
 - 24E.5 agrees to provide such documents and information as may reasonably be required by the Association;
 - 24E.6 consents to the imposition of sanctions by the Professional Conduct Tribunal or by the Appeal Committee under the Conduct Review and Disciplinary System;
 - 24E.7 authorises the Association to record, publish or disclose information under clause 24D.
- 24F The Board may enter into an arrangement or agreement with an external entity with respect to the hearing and/or determination and/or resolution of any matter referred to in 24C and may confer any power or function under Clause 24C to such entity.

SUBSCRIPTIONS

25. The Board may require each new Member to pay a joining fee, the amount of which shall be set by the Board from time to time.
26. The annual fee to be paid by Members shall be determined by the Board from time to time and shall be payable in advance by each Member on or before the first day of each Membership Year, except for the first annual fee of a new Member, which shall be payable in accordance with Clause 14. The Board will notify existing Members of the annual fee at least six months prior to the start of the next Membership Year.

27. The Association may, from time to time in general meeting, set a special fee or fees to be payable by all Members or by certain classes of Members of the Association.
28. The Board may from time to time set a special fee or fees which shall be payable by such Members as the Board determines.

REGISTER OF MEMBERS

29. The Secretary shall keep and maintain a Register of Members in which shall be entered the full name, address, telephone, facsimile numbers and email address and the date of entry of the name of each Member, together with the full name and date of appointment of each Member's Representative. The Register of Members shall be available for inspection and copying for personal use only by Members upon request. The Register of Members is confidential in accordance with Clause 103 and shall not be used for any purpose other than the business of the Association.

GENERAL MEETINGS

30. Subject to the provisions of the Act, the Association shall hold its first general meeting within six months after its incorporation, and thereafter a general meeting shall be held at least once in every year and within the period of five months after the end of its financial year. Each such general meeting shall be held at such times and places as may be determined by the Board. Such general meetings (before which the annual accounts of the Association are to be laid) shall be called the Annual General Meetings.
31. A general meeting of the Association may be convened by the Board when and at such times and places as it thinks fit and shall be convened at the times and in the manner prescribed by the Act.
32. Subject to the provisions of the Act relating to special resolutions, not less than fourteen days' notice of any general meeting, specifying the place, day and hour of the meeting and, in the case of special business, the general nature of such business, shall be given in the manner hereinafter provided to the Members entitled to be present at the meeting and to the Auditor. Without prejudice to the provisions of the Act, with the consent of all the Members entitled to receive notice of any particular meeting, that meeting may be convened by such shorter notice and in such manner as those Members may think fit.
33. Subject to subsection 1322(3) of the Act, the non-receipt of a notice by or the accidental omission to give a notice to any of the Members of any general meeting shall not invalidate any resolution passed at any such meeting.

PROCEEDINGS AT GENERAL MEETINGS

34. The business of an Annual General Meeting shall be:
- 34.1 to receive and consider the balance sheet and the profit and loss account;
 - 34.2 to receive and consider the reports of the Board and of the Auditor;
 - 34.3 to appoint Directors; and
 - 34.4 to transact any other business which, under the Act or this Constitution, ought to be transacted at any Annual General Meeting and any business which is brought under consideration by any reports of the Board issued with the notice convening the meeting.

All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed special. The Auditor shall be entitled to attend and be heard on any part of the business of any general meeting which concerns them as Auditor.

35. The quorum for a general meeting shall be 25 per cent of all Principal Members or 12 Principal Members whichever is the greater. No business shall be transacted at any general meeting except the election of a chairman and the adjournment of the meeting, unless the requisite quorum is present at the commencement of business.
36. The Chairman and in his absence the Deputy Chairman shall preside as chairman of any general meeting, but if the Chairman and the Deputy Chairman are not present or being present are both unwilling to act at the time appointed for holding such meeting, the persons present and entitled to vote at a general meeting may choose one of their number to be chairman of the meeting.
37. If within 15 minutes from the time appointed for the general meeting a quorum is not present, the meeting, if convened upon a requisition, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and, if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the meeting shall be dissolved.
38. The chairman of a general meeting may with the consent of the meeting adjourn the same from time to time and place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
39. Every question submitted to a meeting shall be decided by a poll. For the avoidance of doubt it is hereby provided that the majority required for the passage of an ordinary resolution is a simple majority and that a tied vote means that the resolution is lost.

40.
 - 40.1 At any meeting, a declaration by the chairman that a resolution has been passed or lost, having regard to the majority required, and an entry to that effect in the book to be kept of the proceedings of the Association, signed by the chairman of that or the next succeeding meeting, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
 - 40.2 On a poll, votes may be given by Member's Representatives' duly appointed proxies.
41. A poll shall be taken in such manner and at such time and place as the chairman of the meeting directs, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting. In the case of any dispute as to the admission or rejection of a vote, the chairman shall determine the same and such determination made in good faith shall be final and conclusive and not questioned.
42. If any general meeting shall be adjourned for more than twenty-one days, a notice of such adjourned meeting shall be given to all the Members in the same manner as notice was or ought to have been given of the original meeting.
43. Each Principal Member shall have those number of votes that are determined from time to time by the Board.
- 43A. Each Practitioner Member shall have one vote at a general meeting.
44. Affiliate Members shall not have a vote at a general meeting.
45.
 - 45.1 An instrument appointing a proxy shall be in writing under seal or under the hand of an officer or attorney so authorised. A proxy need not be a Member or a Member's Representative.
 - 45.2 The instrument appointing a proxy must be deposited at the Office not less than 48 hours prior to the time for holding the general meeting or adjourned meeting at which the proxy proposes to vote. The appointment of a proxy for a general meeting shall apply, unless revoked by the Member, to any adjournment of that general meeting.
 - 45.3 An instrument appointing a proxy may be in the usual form or any other form approved by the Board from time to time.
 - 45.4 An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

INTERIM BOARD

46. The Interim Board Directors of the Association shall hold office from the time of incorporation of the Association until the close of the first Annual General Meeting.
47. The Interim Board shall be selected from the members of the Stockbrokers Working Group.
48. The Interim Board will be responsible for:
 - 48.1 establishing a set of initial Rules of the Association;
 - 48.2 establishing the Committees and their Rules in accordance with this Constitution;
 - 48.3 implementing the process of appointment of the initial Board of the Association; and
 - 48.4 determining the remuneration of the initial Board.

APPOINTMENT AND REMOVAL OF DIRECTORS

49. The Interim Board shall hold office until the first Annual General Meeting, at the conclusion of which they shall all retire. The Interim Board will appoint Directors as replacements for the Interim Board at the first Annual General Meeting in accordance with the provisions of this Constitution.
- 49A All candidates nominated for election or appointment to the Board must satisfy:
 - 49A.1 the standards prescribed by the Nominations Committee from time to time; and
 - 49A.2 the requirements to be a director under the Act.
50. Subject to Clause 51, the number of Directors shall be not more than 16 nor less than five and all Directors shall be persons ordinarily residing in Australia.
51. If at any time the number of Directors falls below the minimum number fixed by or in accordance with this Constitution, the continuing Directors may except as regards an act or matter required to be done in an emergency only act for the purposes of increasing the number of Directors to that minimum number or of calling a general meeting of the Association but for no other purposes.
52. The Board shall elect one of the Directors as Chairman and up to two Directors as Deputy Chairmen at the first meeting of the Board after each Annual General Meeting. Those elected shall hold office until the conclusion of the next Annual General Meeting.

53. Subject to the provisions of Clause 54, the composition of the Board shall be as follows:
 - 53.1 The person appointed by the Board as the Managing Director shall be a Director and shall hold office in accordance with the terms of such appointment;
 - 53.2 Two members of the Board may be appointed by the Board after taking account of the recommendations of the Nominations Committee; and
 - 53.3 Up to two members of the Board shall be elected by Practitioner Members provided that each Board member elect obtains a minimum number of votes equivalent to 5% of the total number of Practitioner Members eligible to vote; and
 - 53.4 The remainder of the Board shall be comprised of members elected by Principal Members.
54. The Board may in its absolute discretion vary the composition of the Board from time to time in consultation with the Nominations Committee.
55. With the exception of the Managing Director, the Board appointed at the conclusion of the first Annual General Meeting shall be appointed for the following terms:
 - 55.1 one half of the Directors appointed pursuant to Clause 53.2 and 53.3 will have a term of office of three years; and
 - 55.2 one half of the Directors appointed pursuant to Clause 53.2 and 53.3 will have a term of office of two years.
56. Subject to Clause 55, the term of office of a Director will be two years (excluding the Managing Director). A Director will be eligible to stand for a maximum of five successive terms. The Chairman's term of office as Chairman will not be counted in respect of the maximum number of successive terms he or she may hold office on the Board. The Managing Director's term of office as Managing Director will not be counted in respect of the maximum number of successive terms he or she may hold office on the Board.
57. Subject to Clause 56, a retiring Director shall be eligible for re-election.
58. In the event of a casual vacancy on the Board, the Board may appoint a person to the vacant office and the Director so appointed may continue in office until the time that the office of the person whom that Director replaced on the Board was due to expire in accordance with this Constitution:
 - 58.1 if the casual vacancy was a Director sourced from the Retail Broker Members then the vacancy may be filled from a nominee of the Retail Broking Committee; or

- 58.2 if the casual vacancy was a Director sourced from the Institutional Broker Members then the vacancy may be filled from a nominee of the Institutional Broking Committee.
59. A Director shall cease to be a Director:
- 59.1 if the Director becomes bankrupt or suspends payment to his creditors generally;
- 59.2 if the Director becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the laws relating to mental health;
- 59.3 if the Director resigns as a Director by notice in writing to the Association addressed to it at the Office;
- 59.4 if the Director becomes prohibited from being a Director by reason of the Act;
- 59.5 if the Board determines that a Director has failed to meet the standards as prescribed by the Board or the Nominations Committee from time to time; or
- 59.6 if the Director was appointed to represent either the Retail Broker Members or Institutional Broker Members in accordance with Clause 53.3 and the Director ceases to represent such group;
- 59.7 If the Director is an employee, representative or officer of a company or firm which holds a relevant financial services license, and a Liquidator, Receiver, Receiver and Manager, Administrator or Trustee in Bankruptcy is appointed to the company or firm.
60. The removal of a Director by the Board in accordance with Clause 59.5 shall require a resolution passed by two thirds of the total number of Directors.

POWERS OF DIRECTORS

61. The management and control of the business and affairs of the Association shall be vested in the Board, which (in addition to the powers and authorities expressly conferred upon it by this Constitution) may exercise all such powers and do all such acts and things as may the Association and as are not hereby or by statute expressly directed or required to be exercised or done by the Association in general meeting but subject nevertheless to the provisions of the Act, this Constitution and to any regulations from time to time made by the Association in general meeting, provided that:
- 61.1 no regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made;
- 61.2 any sale of the Association's main undertaking shall only be made subject to the approval or ratification thereof by the Association in general meeting; and

61.3 the Association shall not make or give to any Director or other prescribed person (within the meaning of section 237 of the Act) any payment or other valuable consideration or benefit in connection with the transfer of the whole or any part of the undertaking or property of the Association unless particulars with respect to the proposed payment or other money value of the proposed consideration or the proposed other benefit have been disclosed to the Members and the making of the proposed payment (as so disclosed), or the giving of the proposed consideration or proposed other benefit (as likewise disclosed), has been approved by the Association in general meeting.

PROCEEDINGS OF DIRECTORS

62. The Board may at any time, and the Secretary shall, upon the request of a Director and the giving of not less than two business days' notice, convene a meeting of the Directors.
63. The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Without limiting the generality of the foregoing, the Directors may convene a meeting through the use of television monitors, telephones or any other means of instantaneous, electronic, electromagnetic, laser, radio or telephonic communication and any such meeting shall be as valid and effecting as if all the participants in such communication were present in person at the same time at a duly called and constituted meeting of Directors.
64. It is the expectation that in the furtherance of the objects of the Association decisions of the Board shall be unanimous. However unless otherwise provided for in this Constitution, questions arising at any meeting shall be determined by a majority of at least two thirds of the votes of the total number of Directors holding office. Each Director shall have one vote, provided that in case of an equality of votes on any question, the motion shall be dismissed.
65. The quorum necessary for the transaction of the business of the Board shall be at least two thirds of the total number of Directors.
66. No business shall be transacted unless a quorum is present and if within half an hour of the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same place and at the same hour of the same day in the following week and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the meeting shall be dissolved.
67. The Chairman and in his absence the Deputy Chairman shall preside as chairman at every meeting of the Board and if at any meeting the Chairman and the Deputy Chairman are not present or being present are both unwilling to act at the time appointed for holding such meeting, the Directors present shall choose one of their number to be chairman of such meeting.

68. The meetings and proceedings of any Committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any Rules made by the Board.
69. All acts done at any meeting of the Board or by a Committee or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or the Committee or persons acting as aforesaid or any of them or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified and continued to be a Director or a member of the Committee (as the case may be).
70. A resolution in writing signed by all the Directors for the time being present in Australia (not being less required by Clause 64) shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted and may consist of several documents in the like form each signed by one or more of the Directors. A cable, telegram, facsimile transmission, electronic mail or other document produced or reproducible by mechanical means and bearing a signature of a Director printed with their authority by mechanical means shall be deemed to be a document in writing signed by the Director.
71. All discussions, communications and proceedings of the Board and all documents prepared by or on behalf of the Board, including any minutes, agenda papers, internal reports or other documents, are confidential to the Board.

MANAGING DIRECTOR

72. The Directors shall appoint a person to the office of Managing Director for the period and on such terms as they think fit, including the grant of power for the Managing Director to delegate all or part of his or her authorities to another person during any temporary absence. Subject to the terms of any agreement entered into in a particular case, the Directors may at any time revoke any appointment.
73. A Managing Director's appointment as a Director will automatically terminate if the Managing Director ceases for any reason to be Managing Director.
74. Subject to the terms of any agreement between the Managing Director and the Association, a Managing Director may receive remuneration as the Directors determine in accordance with the Act and this Constitution.
75. The Directors may, by resolution or by power of attorney or writing under the Seal, confer on a Managing Director any of the powers exercisable by them on the terms and conditions and with any restrictions as they think fit. Any powers so conferred may be concurrent with the powers of the Directors. The Directors may at any time withdraw or vary any of the powers conferred on a Managing Director.

COMMITTEES

76. The Board may, by resolution or by power of attorney or writing under the Seal, delegate any of its powers to Committees consisting of such member or members of its body or to any person or persons as the Board thinks fit to act either in Australia or elsewhere. Any Committee so formed or person or persons so appointed shall, in the exercise of the powers so delegated, conform to any Rules, regulations or directions that may from time to time be imposed by the Board.
77. The persons appointed to any Committee constituted herein shall be in the Board's absolute discretion as prescribed in the Rules from time to time.

RULES

78. The Board may by resolution make, repeal and alter Rules not inconsistent with this Constitution on any matter within the Board's power to regulate.

BORROWING POWERS

79. The Board may from time to time at its discretion raise or borrow any sum or sums of money for the purposes of meeting the administrative and day to day running expenses of the Association, with or without security.
80. The Board shall cause to be kept at the Office a register of charges and shall, upon the creation of a charge on property of the Association, or upon the acquisition of property subject to a charge, cause to be forthwith entered in the register particulars of the charge, giving in each case:
 - 80.1 if the charge is a charge created by the Association, the date of its creation or, if the charge was a charge existing on property acquired by the Association, the date on which the property was so acquired;
 - 80.2 a short description of the liability (whether present or prospective) secured by the charge;
 - 80.3 a short description of the property charged;
 - 80.4 the name of the trustee for debenture holders or, if there is no such trustee, the name of the chargee;
 - 80.5 the name of the person whom the Association believes to be the holder of the charge; and
 - 80.6 such other particulars (if any) as prescribed by the Act.

81. If the Board or any Member or any officer of the Association shall become personally liable for the payment of any sum primarily due from the Association, the Board may execute or cause to be executed any charge or security over or affecting the whole or any part of the assets of the Association by way of indemnity to secure the persons or person so becoming liable as aforesaid from any loss in respect of such liability.

REMUNERATION OF DIRECTORS

82. The Members will at a general meeting determine the total remuneration to be paid to the Directors of the Board other than the Managing Director by way of remuneration. The Board will determine the remuneration paid to individual Directors.
83. No Director shall be disqualified by their office from contracting or entering into any arrangement with the Association either as vendor, purchaser or otherwise, nor shall any such contract or arrangement or any contract or arrangement entered into by or on behalf of the Association in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested be liable to account to the Association for any profit realised by any such contract or arrangement, by reason of such Director holding that office or of the fiduciary relationship thereby established, but every Director shall observe the provisions of section 231 of the Act relating to the declaration of the interests of the Directors in contracts or proposed contracts with the Association or of any office or property held by the Directors which might create directly or indirectly duties or interests in conflict with their duties or interests as Directors. No Director may, as a Director, vote in respect of any contract or arrangement or proposed contract or arrangement in which they have directly or indirectly a personal material interest and, if they do so vote, their vote shall not be counted, but this prohibition as to voting shall not apply to any contract by or on behalf of the Association to give any Director any security for advances or by way of indemnity or to any contract or arrangement where the Director is interested merely as a shareholder or Director of another company. Such prohibition may at any time or times be suspended or relaxed to any extent by the Association in general meeting. A Director who is interested in any contract or arrangement or proposed contract or agreement as aforesaid may notwithstanding such interest attest the affixing of the Seal to any document evidencing or otherwise connected with such contract or arrangement.
84. A Director other than the Managing Director may not hold any other office or place of profit under the Association. A Director may be or become a Director of or hold any other office or place of profit under any corporation promoted by the Association or in which it may be interested, whether as a vendor or shareholder or otherwise, and no such Director shall be accountable for any benefits received as a Director or member of or holder of any other office or place of profit under such corporation.

85. The Board may exercise the voting power conferred by the shares in any corporation held or owned by the Association in such manner and in all respects as the Board thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them Directors of such corporation or voting or providing for the payment of remuneration to the Directors of such corporation) and any Director of the Association may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that they may be, or be about to be, appointed a Director of such corporation and as such are or may become interested in the exercise of such voting rights in the manner aforesaid.
86. The Directors or any of them may lend money to the Association at interest with or without security or may, for a commission or profit, guarantee the repayment of any money borrowed by the Association and underwrite or guarantee the subscription of shares or securities of the Association or of any corporation in which the Association may be interested without being disqualified in respect of their office and without being liable to account to the Association for any such commission or profit.

MINUTES

87. The Board shall cause minutes to be duly entered in books provided for the purpose:
 - 87.1 of the names of the Directors present at each meeting of the Board and of any Committee;
 - 87.2 of all orders made by the Board and any Committee; and
 - 87.3 of all resolutions and proceedings of general meetings and of meetings of the Board and any Committee; and
 - 87.4 any such minutes of any meeting of the Board or of any Committee or of the Association, if purporting to be signed by the chairman of such meetings or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes. Such minutes shall be entered in the relevant books within one month after the relevant meeting is held.

THE SEAL

88. The Board shall provide for the safe custody of the Seal which shall never be used except by the authority of a resolution of the Board. Every instrument to which the Seal is affixed shall be signed by a Director and countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. The Board may determine either generally or in any particular case that a signature may be affixed by a mechanical means specified in the determination.
89. The Association may from time to time exercise the powers conferred by subsections 182(8) and (10) of the Act and such powers shall be vested in the Board.

ASSETS AND INCOME

90. The assets and income of the Association howsoever derived shall be applied solely towards the promotion of the objects of the Association and no portion thereof shall be paid or transferred directly or indirectly by way of dividend bonus or otherwise howsoever by way of profit to the Members PROVIDED THAT nothing in this Constitution shall prevent the payment in good faith or remuneration to any officers or employees of the Association or to any Member or any other person in return for any service actually rendered to the Association nor prevent payment of interest at a rate not exceeding the rate for the time being charged by the Association's bankers for overdrawn accounts on money lent.

CHEQUES, BILLS, ETC.

91. All cheques, bills of exchange and promissory notes shall be signed, drawn, made, accepted or endorsed (as the case may be) for and on behalf of the Association by two Directors, or by one Director and the Secretary or some other officer authorised by the Board, or in such other manner as the Board may from time to time determine.

ACCOUNTS

92. The Association shall keep such accounting records as correctly record and explain the transactions of the Association and the financial position of the Association and shall keep its accounting records in such a manner as will enable the preparation from time to time of true and fair accounts of the Association and shall keep its accounting records in such a manner as will enable the accounts of the Association to be conveniently and properly audited in accordance with the Act. The accounting records shall be kept at the Office or at such place or places as the Board thinks fit.
93. The Board shall, subject to the provisions of the Act, from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting records of the Association or any of them shall be open to inspection of the Members, and no Member shall have any right to inspect any account or book or document of the Association unless and except as conferred by statute or any agreement between all of the Members from time to time, or as authorised by the Board or by a resolution of the Association in general meeting.
94. The Board shall cause to be laid before each Annual General Meeting a copy of the profit and loss account and balance sheet in respect of the last completed financial year of the Association made out in accordance with the provisions of the Act. Every account of the Association, when approved or adopted by the general meeting, shall be conclusive, except as regards any error discovered therein within three months next after the approval or adoption thereof. Whenever any such error is discovered within that period, the account shall be forthwith corrected.

95. The Association shall observe the provisions of the Act as to the dispatch of a copy of (including the provision of such documents through electronic means pursuant to section 314(5) of the Act) the profit and loss account balance sheet and other documents to all persons entitled to receive notice of general meetings of the Association.

AUDIT

96. The Board shall appoint an Auditor. In the event of the removal or retirement of the Auditor, another Auditor shall be appointed as soon as practicable.

NOTICES

97. A notice may be served by the Association upon any Member either personally, by facsimile transmission, by an email notification pursuant to section 249J(3A) of the Act, or by sending it through the post in a prepaid envelope or wrapper addressed to such Member at their address listed in the Register of Members at that time, or in the case of email notification, to the email address of the Member. Any notice sent to a Member through the post shall be posted in Australia.
98. Any notice sent by post shall be deemed to have been served at the expiration of two business days after it is posted and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and posted.
- 98.1 Any notice provided through an email notification pursuant to section 249J(3A) of the Act will be deemed to be given on the first business day following the date on which the member is notified that the notice of meeting is available to be viewed.
99. The signature to any notice to be given by the Association may be written or printed.
100. Subject to the Act, where a given number of days' notice or notice extending over any other period is required to be given, either the day of service or the day upon which the notice will expire (but not both) shall be reckoned in the number of days or other period.

INDEMNITY OF OFFICERS

- 101.
- 101.1 In Clauses 101.2 and 101.3:
- 101.1.1 the term "**Proceedings**" means any proceedings, whether civil or criminal, being proceedings in which it is alleged that the person has done or omitted to do some act, matter or thing in his capacity as such an Officer or in the course of acting in connection with the affairs of the Association or a subsidiary of the Association or

otherwise arising out of the Officer holding such office (including proceedings alleging that he was guilty of negligence, default, breach of trust or breach of duty in relation to the Association or a subsidiary of the Association).

101.1.2 the term "**Officer**" has the meaning given to that term in section 241(4) of the Act.

101.2 To the extent permitted by law:

101.2.1 The Association indemnifies every person who is or has been an Officer of the Association or of a subsidiary of the Association against any liability for costs and expenses incurred by that person in defending any Proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in connection with an application in relation to any Proceedings in which the Court grants relief to the person under the Act; and

101.2.2 The Association indemnifies every person who is or has been an Officer of the Association or of a subsidiary of the Association against any liability incurred by the person, as an Officer of the Association or of a subsidiary of the Association, to another person (other than the Association or a related body corporate of the Association) unless the liability arises out of conduct involving a lack of good faith.

101.3 To the extent permitted by law the Association may pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been an Officer of the Association or of a subsidiary of the Association against a liability:

101.3.1 incurred by the person in his capacity as an Officer of the Association or a subsidiary of the Association or in the course of acting in connection with the affairs of the Association or a subsidiary of the Association or otherwise arising out of the Officer's holding such office PROVIDED THAT the liability does not arise out of conduct involving a wilful breach of duty in relation to the Association or a subsidiary of the Association or a contravention of sections 232(5) or (6) of the Act; or

101.3.2 for costs and expenses incurred by that person in defending Proceedings, whatever their outcome.

SECRETARY

102. The Directors shall appoint a person to be Secretary of the Association who shall hold office on such terms and conditions as to remuneration and otherwise as the Directors determine.

CONFIDENTIALITY

103. Subject to any other provision of this Constitution and to the Act, every person who by reason of his office in the Association or connection with the Association is exposed to, learns of or has access to information or knowledge concerning Members must keep confidential all such information and knowledge and is not entitled to communicate or divulge those affairs or any part of them in such a way that the name of the Member concerned is identified or likely to be identified unless with the prior consent in writing of that Member. A Member must not use any such information for its own profit or commercial advantage.

AMENDMENTS TO THIS CONSTITUTION

104. A resolution to amend, modify, add to or delete from this Constitution shall only be effective if not contrary to the Act and passed by 75 per cent of Members present by Member's Representative or proxy.

