

Hon. Mr. Buckley.

SHAREBROKERS.

ANALYSIS.

Title.	19. Licensed broker to have but one office.
1. Short Title.	20. Sharebroker not to be partner or manager in any bank or other company.
2. Interpretation.	21. Conduct of business by sharebroker.
3. No person to act as sharebroker unless licensed.	22. Transactions void if not in writing.
4. Application for license.	23. Transactions to be recorded in books.
5. Applicants' names to be published.	24. Dating transfers of shares in companies.
6. Resident Magistrate to hear application, and may grant certificate for license.	25. Transfers to be registered within thirty days. Penalty.
7. Bond and declaration required before grant of certificate.	26. Commission on transactions. No fee recoverable by unlicensed person.
8. Licenses issued by, and fees paid to, local authority.	27. Misappropriation of funds or fraud by sharebrokers.
9. License to be issued where place of business situate.	28. Persons convicted of felony or fraud incapable of being licensed.
10. Penalty for improperly issuing license.	29. Penalty for conducting business contrary to Act.
11. Form of license.	30. License improperly obtained to be forfeited.
12. Governor to provide for issue of licenses in certain parts of colony.	31. Penalty for forging, &c., license.
13. Duration of license.	32. Penalty for lending or hiring license.
14. Names of licensed persons to be published.	33. Non-production of license.
15. Partners to have separate licenses.	34. Licenses may be cancelled.
16. No uncertificated bankrupt to have license.	35. Recovery of penalties, &c., to be paid to Public Account.
17. Signatures of sharebrokers and their names to be affixed on offices.	36. Expenses of administration.
18. Penalty upon unlicensed person affixing sign on offices.	37. Saving of civil remedies. Schedules.

A BILL INTITULED

AN ACT to make Provision for licensing Sharebrokers.

Title.

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

5 1. The Short Title of this Act is "The Sharebrokers Act, 1886." Short Title.

It shall come into force on the *first* day of *October* next after the passing thereof.

2. In this Act, if not inconsistent with the context,—

Interpretation.

10 "District" means any portion of the colony under the administration of a local authority as herein defined:

"District Fund" means the fund of a district as herein defined, and where the Governor is the local authority it means the Consolidated Fund:

15 "Local authority" means and includes the Council of any borough or county, or such Boards as may be administering the functions of a County Council; and in the absence

of such Boards within any county where "The Counties Act, 1876," is not in force, and also in all parts of the colony not included in any borough or county, means the Governor:

"Public notification," "public notice," "publicly notify," 5
respectively mean the insertion of a notice in one or more newspapers having general circulation in the district or place affected by the matter contained in such notification or notice:

"Sharebroker" means any person who, whether on commission 10
or for any fee, reward, profit, or gain, exercises or carries on the business of buying, selling, transferring, or dealing in shares as hereinafter defined; but shall not include auctioneers, who shall sell any such shares by public auction only: 15

"Shares" means and includes shares in any company incorp-
rated under "The Companies Act, 1882," or any Acts amending the same, or registered under or incorporated by virtue of "The Mining Companies Act, 1886," or any Acts amending the same, or in any incorporated company, 20
or shares or interests in any mining company, claim, venture, or association; and also mean the debentures of either the General Government or the debentures of any corporation or body of persons duly authorized to raise money by debentures, and also shares in any bank or 25
insurance company:

"Treasurer" means the person acting as the Treasurer for a local authority as herein defined, and includes the person who may be appointed by the Governor to receive fees and issue licenses in all parts of the colony where the Go- 30
vernor is the local authority.

3. No person shall in any manner act or exercise the trade or business of a sharebroker unless he shall be duly licensed in manner hereinafter provided.

Every person offending against this provision shall for every such 35
offence be liable to a penalty not exceeding *one hundred* pounds and not less than *ten* pounds, and shall be incapacitated from holding a license for the space of three years.

4. Any person desirous of obtaining for the first time a share-
broker's license shall lodge with the Clerk of the Resident Magistrate's 40
Court of the district wherein he may propose to carry on the business of a sharebroker, not less than twenty-one days before the intended application, a notice in writing of his intention to apply for the same in the form in the *First* Schedule hereto, stating in such notice his true name and place of business, and that he proposes to have his 45
principal place of business as a sharebroker in such district.

5. The Clerk of such Court shall cause a list of all applicants for sharebrokers' licenses, with their places of business respectively, to be posted in some conspicuous place inside and outside of the Courthouse for at least fourteen days before the applications shall be heard. Any 50
person may lodge objections to any application at any time before the same is disposed of.

No person to act as sharebroker unless licensed.

Application for license.

Applicants' names to be published.

6. At the first sitting of the Resident Magistrate's Court after the expiry of the time for the posting of notices as hereinbefore mentioned in the *preceding* clause, the Resident Magistrate of the district shall hear and dispose of such applications, and inquire into any objections thereto, and may examine on oath any witnesses he may think necessary, and after such examination, or without hearing any such evidence, may either refuse any such application, or grant a certificate to the applicant authorizing the issue of the license.

Resident Magistrate to hear application, and may grant certificate for license.

Such certificate need not be of any particular form, but shall be signed by the Resident Magistrate granting the same, and sealed with the seal of his Court.

Certificate for renewal of licenses shall be granted to the holders of sharebrokers' licenses on the expiry thereof, without reference to this and the *two preceding* sections: Provided the said licenses have not been cancelled, or the holders thereof convicted of any offence under this Act.

7. It shall be the duty of every Resident Magistrate, before he shall grant a certificate for the issue of any such license, to receive for deposit and filing in the office of his Court, from the person applying for such license,—

Bond and declaration required before grant of certificate.

(1.) A bond duly executed by such person to Her Majesty the Queen, in the penalty of *five hundred* pounds for himself, and two responsible sureties of *one hundred* pounds each, or the security of some guarantee company to the amount of *two hundred* pounds, conditioned that he will not, during the time he shall continue to be licensed, buy or sell any shares for himself or on his own account except through another broker, and that he will keep a book to contain entries of all such shares and the amount of every sale to every person, and the price at which the same shall be sold.

But when any sharebroker shall have duly entered into a bond in accordance with the terms of this section, and so long as the same shall continue valid and effectual, it shall not be necessary for him to enter into a fresh bond on obtaining a renewal of his license.

(2.) A declaration shall be made and subscribed by the applicant, in the presence of a Justice of the Peace, to the following effect:—

I, A.B., do declare that I am not from any cause disqualified from obtaining or acting under a license as a sharebroker; and that I will faithfully and honestly carry on the business of sharebroker in accordance with the provisions of "The Sharebrokers Act, 1886," and of any regulations from time to time made thereunder.

And I make this declaration, conscientiously believing the same to be true, and by virtue of an Act of the General Assembly of New Zealand, intituled "The Justices of the Peace Act, 1882."

8. Sharebrokers' licenses shall be granted in any county or borough by the local authority thereof, and issued on its behalf by the Treasurer thereof, to any person who shall deposit with such Treasurer the

Licenses issued by, and fees paid to, local authority.

certificate mentioned in section six, on payment into his office of the sum of pounds.

All sums received as license-fees under this Act shall belong to the local authority granting the license, and shall be paid by the Treasurer receiving the same into its district fund. 5

License to be issued where place of business situate.

9. No Treasurer shall issue any such license to any person whose principal or sole place of business is not within the district for which such Treasurer is appointed.

Penalty of improperly issuing license.

10. Every Treasurer who improperly issues a license contrary to the provisions of this Act shall be liable to a penalty not exceeding the amount of any license-fee payable in respect of the license so issued by him. 10

Form of license.

11. All licenses as aforesaid shall be signed by the principal officer of the local authority of the district wherein the same are issued, and countersigned by the Treasurer of such district, in the form in the *Second* Schedule hereto. 15

Governor to provide for issue of licenses in certain parts of colony.

12. In all parts of the colony outside of any county or borough, and where "The Counties Act, 1876," is not in operation or not wholly in force, or is suspended, the Governor may appoint persons to grant licenses and to receive the fees for the same, and may prescribe the form of application for such licenses, and by whom they shall respectively be issued, signed, and countersigned. 20

Duration of license.

13. All licenses shall take effect from the date of the issue of the license, and shall be in force from such day for twelve months, 25 inclusive.

Names of licensed persons to be published.

14. Every Treasurer shall, within ten days after the issue of any sharebroker's license, publicly notify the name of the person to whom the same has been granted, setting forth his place of abode and place of business. 30

Partners to have separate licenses.

15. Where two or more persons carrying on business, or purposing to carry on business, in partnership together as sharebrokers apply to be licensed, each of such persons shall be liable to pay the same license-fee as he would have been liable to pay if he had applied to be licensed separately. 35

No uncertificated bankrupt to have license.

16. No person adjudicated a bankrupt shall, unless such adjudication be annulled, be entitled to sell under any license or receive a license or renewal of a license under this Act until he receives a certificate of discharge under the provisions of the laws for the time being in force respecting bankruptcy or insolvency. 40

Signatures of sharebrokers and their names to be affixed on offices.

17. Every sharebroker who shall carry on business as such sharebroker—

(1.) Shall sign his name to all transactions as "sworn sharebroker"; and

(2.) Shall from time to time paint or affix, and keep painted or affixed, on the outside of the place or premises where he shall carry on business, and on some conspicuous part thereof, in easily-legible characters, his full Christian or first name and surname, or the initials of his Christian or first name or names, and his full surname, and in either case adding thereafter the words "Licensed Sharebroker." 50

Any sharebroker who shall fail or neglect so to do shall be liable to a penalty not exceeding *fifty* pounds or not less than *ten* pounds.

5 18. If any person not actually holding a sharebroker's license shall keep up any sign, writing, painting, or other mark on or near to his office, house, or place of business, or give reasonable cause to believe that such office, house, or place of business is the office, house, or place of business of a licensed sharebroker, he shall for every such offence forfeit and pay on conviction any sum not exceeding *one hundred* pounds and not less than *twenty-five* pounds.

Penalty upon unlicensed person affixing sign on offices.

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

Licensed broker to have but one office.

15 20. A sharebroker—

Shall not enter into partnership with any person who is not a sharebroker;

Sharebroker not to be partner or manager in any bank or other company.

20 Shall not be a manager or clerk of a bank or insurance company, manager or clerk in any company incorporated under "The Companies Act, 1882," or any Act amending the same, the legal manager or clerk under "The Mining Companies Act, 1886," or any Act amending the same, manager or clerk in any company incorporated by Act of Parliament;

25 Shall not be the auditor of any bank, insurance company, joint stock or other incorporated company, or mining company;

Shall not have an office in any building where the manager of a mining company has an office.

30 21. It shall not be lawful for any sharebroker—

To sell or buy shares at net prices;

To divide or share his fee, commission, or reward with any person who is not a sharebroker;

To advance money on shares.

Conduct of business by sharebroker.

35 22. No transaction by a sharebroker shall be valid unless in writing or by telegram.

Transactions void if not in writing.

40 23. Every licensed shareholder shall, every time he shall sell to any person any shares, give to the person for whom he sold the same an account in writing, signed with his name, of the number of shares so sold, to whom the same were sold, and the true rate of purchase or price paid for the same, and shall enter in the said book to be kept by him a like account, together with the name of the person for whom he sold the same, and shall, at the request of the person for whom such shares shall have been sold, show to him or her the entry therein

Transactions to be recorded in books.

45 relative to the shares sold for such person.
If any such sharebroker shall fail in any of the requirements of this section, he shall for every such offence be liable to a penalty not exceeding *one hundred* pounds nor less than *twenty* pounds, and be disqualified from ever after acting as a sharebroker in New Zealand.

50 24. On every sale or disposition of shares in any incorporated or mining company for which a share register is kept, the transfer

Dating transfers of shares in companies.

of such shares shall be dated on the day on which the same is signed by the vendor, and all particulars connected with such transfer shall be filled up in ink, and shall be attested by at least one competent witness, and, where such sale or disposition shall be effected through the agency of any broker licensed under this Act, the signature of the vendor shall be attested by such broker. 5

registered within
thirty days.

25. Every purchaser of such shares shall cause the transfer thereof to be registered or presented for registration in the books of the company in the capital and stock of which such shares may have been sold or disposed of as aforesaid within thirty days from the date of such transfer. 10

Penalty.

In case any such purchaser shall fail or neglect so to do for such period of thirty days every such transfer shall be void and of no effect, and such purchaser shall, for such omission, be liable to a penalty of not less than *ten* pounds and not exceeding *twenty* pounds. 15

For the purpose of affording the manager, secretary, or other officer of any company time for inquiry as to the genuineness of any signature to any transfer he may delay to register the same for a period of forty-eight hours after the presentation thereof for that purpose. 20

But the provisions of this section shall not apply to transfers executed beyond the colony in which the register is kept on which such transfers are to be registered.

Commission on
transactions.

26. Every licensed sharebroker shall be entitled to receive remuneration or commission for his services, either from the vendor or the purchaser of shares in any transaction, as may be arranged between the parties and the sharebroker, but not in any case from both parties, at the rate mentioned in the *Second* Schedule hereto. 25

No fee recoverable
by unlicensed
person.

No sharebroker shall be entitled to recover any commission, fee, or reward for any services done or performed by him as such sharebroker unless he shall be duly licensed under this Act; and upon the trial or hearing of any action for the recovery of any such commission, fee, or reward as such sharebroker, he shall not be entitled to recover or give evidence therein unless his license is produced to the Court. But in case of the loss of such license, or for such cause as the Court may think sufficient, it shall be lawful for the Court to accept such evidence as to the issue or existence of such license as it may think fit. 30 35

Misappropriation of
funds or fraud by
sharebrokers.

27. Any sharebroker who conducts any transaction, and

(1.) Fraudulently converts to his own use the proceeds of such sale or any part of such proceeds, or fraudulently omits to pay such proceeds or any part thereof to the person entitled thereto, shall be deemed guilty of larceny: 40

(2.) With intent to defraud, renders any account of the proceeds of any sale, knowing the same to be false in any particular, shall be deemed guilty of a misdemeanour, and, on conviction thereof, shall be liable to imprisonment for any time not exceeding two years, with or without hard labour. 45

Persons convicted
of felony or fraud
incapable of being
licensed.

28. If any sharebroker shall be convicted in any Criminal Court of felony or fraud, or if a Judge of the Supreme Court or a Judge of any District Court shall in any action or other proceeding prosecuted or defended before such Judge, and to which such broker shall be a 50

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

It shall be the duty of the Registrar of the Supreme Court, or the Clerk of the District Court, or other the proper officer of such Courts respectively, upon the conviction of any sharebroker of felony or fraud, as mentioned in the *last preceding* section, to transmit to the Minister of Justice a certificate of the conviction of any sharebroker for felony or fraud, as mentioned in the *last preceding* section, or (as the case may require) a true copy of the certificate of the Judge made under the provisions contained in the said *last preceding* section, and the said Minister shall thereupon cause notice thereof to be given to each Resident Magistrate appointed to grant certificates for licenses under this Act. And it shall be lawful for every such Resident Magistrate as aforesaid, in case of a temporary disqualification, to refuse to grant a certificate for a license to such person during the period of such temporary disqualification, or if such person shall be wholly disqualified under this Act, then to refuse such certificate altogether to such person.

29. If any licensed sharebroker shall exercise his business at any time or in any manner contrary to the provisions of this Act, he shall for every such offence where no specific penalty is provided be liable to a penalty not exceeding *one hundred* pounds and not less than *ten* pounds.

Penalty for conducting business contrary to Act.

30. Every licensed sharebroker who has improperly obtained a license contrary to the true meaning of this Act shall, in the discretion of any two Justices of the Peace, forfeit his license, and thereafter shall be deemed to be unlicensed.

License improperly obtained to be forfeited.

31. Every person who shall forge, counterfeit, or alter, or cause to be forged, counterfeited, or altered, any license, or any seal or signature to any license, or shall use or tender in evidence any such forged, counterfeited, or altered license, or seal or signature, knowing the same to be forged, counterfeited, or altered, shall be guilty of felony, and, being convicted thereof, shall be liable, at the discretion of the Court, to be kept in penal servitude for the term of three years, or to be imprisoned for any term not exceeding two years, with or without hard labour.

Penalty for forging, &c., license.

32. Every person shall be liable to a penalty not exceeding *fifty* pounds for every separate offence who shall let out or hire or lend any license granted to him, or shall trade with or under colour of any license granted to any other person whomsoever, or of any license in which his own name shall not be inserted as the name of the person to whom the same is granted.

Penalty for lending or hiring license.

33. In all proceedings against any person for having acted as a sharebroker without a license, such person, unless he shall produce his license or bring other satisfactory proof of his having been licensed at the time at which the offence was committed, shall be deemed to have been unlicensed.

Non-production of license.

Licenses may be cancelled.

34. If any sharebroker holding a license under this Act shall be convicted of an offence under this Act, and thereafter be convicted within twelve months of a second or any subsequent offence of any kind under this Act, the convicting Magistrate or Justices may, if they think fit, in addition to any other penalty, cancel his license.

Recovery of penalties, &c., to be paid to Public

35. All offences under this Act, except under sections *twenty-seven* and *thirty-one*, may be heard and determined, and all fines and penalties may be recovered, in a summary way before a Resident Magistrate or any two or more Justices of the Peace, and shall be paid into the Public Account, and form part of the Consolidated Fund.

Account. Expenses of administration.

36. All expenses and costs incident to the administration of this Act in any district shall be defrayed by the local authority receiving the license-fees in such district.

Saving of civil remedies.

37. Nothing in this Act contained shall be deemed to take away or limit any civil remedy which any person may have against a sharebroker in respect of any matter which is constituted an offence under this Act.

Schedules.

SCHEDULES.

FIRST SCHEDULE.

APPLICATION FOR LICENSE.

To the Resident Magistrate of _____ District.
I, A.B., now residing at _____, do hereby give notice that it is my intention, at the expiration of *thirty* days from this date, to apply for a sharebroker's license.

Given under my hand, this _____ day of _____, 188 _____.

A.B.

FORM OF LICENSE.

WHEREAS A.B., of _____, hath deposited in this office a certificate from the Resident Magistrate of the district, authorizing the issue of a sharebroker's license to the said A.B.: And whereas the said A.B. has this day paid into my office the sum of _____ pounds: Now, I do hereby declare that the said A.B. is licensed to exercise the business or calling of a sharebroker.

This license shall continue in force for a period of twelve months ensuing next after the date hereof, and no longer, provided it be not forfeited in the meantime.

Mayor [or Chairman].
Treasurer.

SECOND SCHEDULE.

SHAREBROKER'S FEES OR COMMISSION.

IN respect of every sale or purchase of shares, whatever the price may be,—

Ten shillings in respect of the first twenty pounds, with an addition of

Two and a half per centum upon any further sum not exceeding two hundred pounds, and of

One and quarter per centum upon any further sum not exceeding five hundred pounds, and of

One per centum upon any further sum exceeding five hundred pounds.

Except that, in respect of shares of the New Zealand Bank, there shall be paid two and a half per centum in respect of the first one hundred pounds, and one per centum upon any further sum whatever the amount.