

## RULES OF

### DIRECT SELLING ASSOCIATION OF NEW ZEALAND INCORPORATED

1. NAME The name of the Association shall be "Direct Selling Association of New Zealand Incorporated" (hereafter referred to as the Association").
2. REGISTERED OFFICE The registered office of the Association shall be at 159 Khyber Pass Road, Grafton Auckland or at such other place as the Executive Committee shall from time to time determine.
3. OBJECTS The objects of the Association shall be -
  - (a) To maintain and promote a public image of trust and respect in the direct selling industry.
  - (b) To establish a Code of Practice to which all members must adhere.
  - (c) To foster and promote methods of marketing employed by its member, and favourable public relations with respect thereto and to present the views of members to Government, Municipal bodies and the public.
  - (d) To co-operate with other consumer protection and trade associations.
  - (e) To protect consumers from misrepresentation and malpractice and ensure that members give to the public good, fair and honest service.
  - (f) To promote in the direct selling industry the adoption of the following principles and to ensure that members are guided by the:
    - (i) That sales persons in all fields must observe the highest standards of integrity, frankness and responsibility in dealing with consumers, and that, in all selling,
      - \* Description of products must be truthful and terms of sale clearly stated;
      - \* Honesty is required in the approach to sales; and
      - \* Courtesy to prospective customers, and consideration of their needs, are prime essentials of all selling.
    - (ii) That the Association endorses and commends the efforts of all national and local organisations which promote the establishment and maintenance of high standards of integrity, honesty, frankness and responsibility in selling merchandise.
- 4.A MEMBERSHIP (a) Membership of the Association shall be divided into three categories, namely full membership, provisional

membership and associate membership.

- (b) Every application for membership shall be in writing signed by the applicant or any person competent to sign on the applicant's behalf.
- (c) Any application for membership may be approved or declined by a majority of the Executive Committee.
- (d) Persons and bodies corporate accepted as a member shall have their names entered in the appropriate category in the Register of Members of the Association by the Secretary upon payment of the prescribed joining fee and annual subscription.
- (e) A Register of members shall be kept at the Registered Office and a copy shall be kept by the Executive Director.

4.B FULL MEMBERSHIP

- (a) Any persons or body corporate domiciled in New Zealand shall be qualified to apply for full membership of the Association provided that for a period of not less than two years they have been engaged in the manufacture of products or the supplying of goods or services which are principally sold direct to the public by their own employees or through representatives, agents, independent contractors or other Direct Selling methods.

Provided further that the Executive Committee may, at its discretion, waive or reduce such qualifying period of two years upon the receipt of a membership application from a body corporate domiciled in New Zealand which is division, subsidiary or licensee of an established international corporation already a full member of an Association within the World Federation of Direct Selling Associations.

- (b) Details of each application for full membership shall be circulated to all members who shall be entitled to advise the Secretary in writing of any objections to or comments they may have on the application within fourteen days after the posting of such details.
- (c) Not less than fourteen days after the circulation of such details the Executive Committee shall, after considering any objections or comments received by the Secretary, determine whether an applicant shall be admitted to full membership and shall advise the applicant accordingly.

4.C PROVISIONAL MEMBERSHIP

Any person or body corporate, otherwise falling within the terms of Rule 4B(a) hereof, which has not been trading in New Zealand for a two year period shall be eligible for provisional membership of the Association, subject to the following conditions;

- (a) provisional members shall have right to attend all meetings of the Association,
- (b) provisional members shall not be eligible to hold office in the Association.
- (c) provisional members shall at all times comply with the Rules and Code of Practice of the Association.
- (d) provisional members shall pay the joining fee and subscription applicable to full members of the Association.
- (e) provisional members shall not be entitled to vote at any meetings of the Association.
- (f) provisional members shall not be entitled to use the Association logo or publish or state that they are members of the Association until they have been elected to full membership,
- (g) a provisional member of the Association shall be deemed to be an applicant for full membership of the Association two (2) years after having been granted provisional membership and the Executive Committee shall be empowered to consider such application under Rule 4B.

4.D ASSOCIATE MEMBERSHIP

Any person or body corporate may apply for associate membership of the Association provided they supply to the direct selling industry component products, goods, packaging or other services and are interested in fostering the objects of the Association.

5. RESIGNATION FROM MEMBERSHIP

Any member may resign from the Association upon giving fourteen days' notice in writing to the Secretary and that member's name shall at the expiration of such notice, be deleted from the Register of Members by the Secretary provided always that notwithstanding such resignation, such member shall remain liable to meet all outstanding obligations including the current year's subscription.

- 6.A TERMINATION OF MEMBERSHIP
- (a) A General Meeting of the Association may, by two-thirds majority of those members present and entitled to vote, terminate the membership of any member.
  - (b) Notice of the resolution for expulsion of any member shall be included in the Notice of Meeting at which the resolution is to be proposed and the member concerned shall be entitled to be heard at such meeting.
  - (c) Termination shall be considered if a member shall --
    - (i) become bankrupt or insolvent or make an assignment for the benefit of his/her or its creditors;
    - (ii) be liquidated whether compulsorily or voluntary otherwise than for the purpose of amalgamation or reconstruction or have a receiver appointed over all or any part of its assets;
    - (iii) commit any act by observance or neglect which the Executive Committee considers dishonourable and inconsistent with the best interests of the members and the credit of the Association;
    - (iv) commit any act whatsoever deemed by the Executive Committee to be an offence against the Rules of the Association.
    - (v) fail to pay within a 60 day period from the due date, subscriptions or levies made by or payable to the Association;
    - (vi) in the opinion of the Executive Committee fails to abide by the Association's Code of Practice.
- 6.B REPRIMAND OR SUSPENSION OF MEMBERSHIP
- (a) The Executive Committee may, by resolution of not less than two-thirds of those present, reprimand or suspend for a period up to the next General Meeting.
    - (i) a member who has failed to pay his subscription as per clause 6c (v) or
    - (ii) a member if in its opinion he/she or it has been guilty of such misconduct as is calculated, in the opinion of the Executive Committee, to affect prejudicially the wellbeing or reputation of the Association or those engaged in using the direct selling industry provided that;
    - (iii) the member shall have been notified in writing by registered post not less than fourteen days before the Executive Committee meeting of the intention to consider his/her or its suspension, and;

(iv) the member shall have the opportunity at such Executive Committee meeting to offer either orally or in writing, any explanation he/she or it may think fit;

(b) Members shall abide by the Rules and Regulations of the Association during any period of notice of suspension or expulsion prior to termination date.

(c) The Executive Committee may at its discretion, publish or refuse to be published, the fact that a member has been suspended, expelled or has ceased to be a member of the Association and every person or body corporate upon applying for membership of the Association shall be deemed to have irrevocably agreed that neither the Executive Committee and its members nor the Association and its members (nor any of them) shall be or become in any way liable as a result of the publication of such expulsion or the fact that a member has ceased to be a member.

7. REPRESENTATION

(a) Each member being a body corporate shall nominate in writing to the Secretary, a person to represent it on matters relating to the affairs of the Association and may, in writing at any time, revoke such nomination and make a replacement nomination.

(b) The nominated representative of a member shall exercise all the rights of the member whom he/she represents in relation to the affairs of the Association.

(c) The Association shall instruct a member to withdraw and replace its representative if at any General Meeting a two-thirds majority of those present and entitled to vote, pass a resolution to this effect, provided always that notice of the resolution for the withdrawal of any representative, shall be included in the Notice of Meeting at which the resolution is proposed.

(d) At any meeting where a resolution is proposed for the withdrawal of a representative, the person concerned shall be entitled to be heard.

(e) The withdrawal of a representative shall only be considered if the representative:

(i) becomes bankrupt or insolvent or makes any assignment to the benefit of his/her creditors;

(ii) commits any act of non-observance or neglect which the Executive Committee considers dishonourable and inconsistent with the best interests of the members and the credit of the Association;

- (iii) commits any act whatsoever which the Executive Committee considers to be an offence against the Rules of the Association;
- (iv) in the opinion of the Executive Committee fails to abide by the Association's Code of Practice.

8. OFFICE BEARERS AND EXECUTIVE COMMITTEE

The Office Bearers of the Association shall be:--

- (a) A President
- (b) The Immediate Past President
- (c) A Vice-President
- (d) An Executive Committee comprising The President, The Immediate Past President, The Vice-President and three other persons. They shall all be members or representatives of members.

9. ELECTION OF OFFICE BEARERS AND COMMITTEE

- (a) The President, Vice-President and other members of the Executive Committee shall be elected for the ensuing year at the Annual General Meeting.
- (b) Nomination for these positions shall be lodged with the Secretary at least four hours prior to the Annual General Meeting on a prescribed form to provide for nominator, seconder and acceptance by the nominated person.
- (c) The Executive Committee may fill any casual vacancies occurring during the current year and such appointees shall be members or representatives of members and hold office until the next Annual General Meeting.

10. MEETING

- (a) Annual General Meeting
  - (i) The Annual General Meeting of the Association shall be held in each calendar year, as soon as may be done conveniently after the end of the financial year. The date and place shall be fixed by the Executive Committee and the Secretary shall give notice in writing of such meetings to the members. The notice shall specify the nature of the business to be discussed and any proposed resolution;
  - (ii) The business shall be to receive and consider the report of the Executive Committee for the previous year, to receive and consider the accounts of the previous year, to elect the Officers and Executive Committee, to receive and consider any resolution put forward in the manner provided by these Rules and to transact any other business that may be legally brought forward.
- (b) Extraordinary General Meeting

- (i) Extraordinary General Meetings shall be held at such times and places as the Executive Committee may determine and notice of such meetings shall be given by the Secretary to all members specifying the time and place of the meeting, the nature of the business to be discussed and any proposed resolution;
- (ii) At any time the Executive Committee, may call an Extraordinary General Meeting of the Association and so do so on a requisition in writing by not less than three members of the Association.

(c) Notice

Not less than fourteen days notice in writing of each Annual or Extraordinary General Meeting shall be given to each member, but the accidental omission to give notice of a meeting, or the non-receipt of notice of a meeting by any member entitled to receive notice, shall not invalidate the proceedings at the meetings.

(d) Executive Committee Meetings

Executive Committee Meetings shall be held at such times and such places as determined by the President, or in his/her absence, the Vice-President. Two days notice of such meeting, together with the purpose of such meeting shall be given to all Committee members, either orally or in writing.

- (e) The President and in his/her absence the Vice-President, shall act as Chairman at all meetings of the Executive Committee. In their absence a Chairman shall be chosen by those present and entitled to vote.

11. VOTING

- (a) At any General Meeting of the Association, the following shall apply:
- (i) On a show of hands, every full member represented in person and entitled to vote, shall have one vote:
  - (ii) Any member has the right to demand that a secret ballot of any vote be taken:
  - (iii) A member unable to be present and wishing to vote on any matter on the agenda, any communicate his/her or its vote in writing on the members' official letterhead, such vote to be in the Secretary's hands prior to the stating time of the meeting:
  - (iv) Election of Office Bearers shall be by secret ballot:

(v) Unless a ballot is demanded as aforesaid, a declaration by the Chairman that a resolution on a show of hands has been carried or carried unanimously or by a certain majority or lost and an entry to that effect in the Association's minute book 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.

(b) At all meetings of the Association or Executive Committee, in the event of an equality of votes, the Chairman shall have a second or casting vote.

(c) All voting at meetings of the Association or Executive Committee shall be by simple majority except where the Rules of the Association require otherwise.

12. QUORUM

At a General Meeting, a quorum shall be four members, and at a Committee Meeting, three members.

13. POWERS OF THE EXECUTIVE COMMITTEE

(a) The Executive Committee shall have power to manage the affairs of the Association and to take such actions and do such things as may be, in their opinion, necessary and desirable for the promotion of the Association, except where such powers are required by these Rules to be exercised by the Association in General Meeting.

(b) The Executive Committee may delegate any of its power to sub committees consisting of such members of the Association as it thinks fit and may add to any such sub committee an employee of a member of the Association. In the exercise of the power so delegated, any such sub committee shall conform to any requirement of the Executive Committee.

14. FINANCE

(a) The financial year of the Association shall terminate on the thirty-first day in December each year.

(b) Joining fee

A joining fee shall be payable by any person or body corporate applying for membership of this Association, and the amount of this fee shall be determined at each Annual General Meeting.

(c) Annual Subscriptions

The respective amount of the annual subscription to be paid by the various categories of full members, provisional members and associate members shall be determined at each Annual General Meeting.

Subscriptions of existing members shall be payable within sixty (60) days of the Annual General Meeting. New members shall pay their subscription within thirty (30) days of admission to membership. A member admitted during a financial year shall pay a proportionate



fee for the part of the year during which he/she or it shall be a member.

The amount of annual subscription shall be based upon a suitable formula determined at the Annual General Meeting.

(d) Levies

- (i) The Executive Committee may from time to time, make levies on all members, or any specified members, irrespective of their category of membership, for the purposes of defraying general or special costs incurred in implementing the objects of the Association:
- (ii) The sum levied may be a different amount for each member. In setting the amount of any levy on a member, the Executive Committee shall have due regard to the general or special benefit which accrues to that member, arising out of, or in connection with the expenditure to which the levy relates:
- (iii) Any member levied as aforesaid, shall have the right to appeal against all or part of the levy imposed on him/her or it if, within two weeks from the date on which the levy is imposed, he/she or it gives to the Secretary, written notice of his/her or its intention to appeal, including a brief statement of the grounds thereof:
- (iv) The appeal shall be considered on its merits by the Association at its next General Meeting where the decision of a two-thirds majority of those members present and entitled to vote, shall be required to uphold the appeal. The General Meeting may, as an alternative to upholding or dismissing the appeal by a two-thirds majority vote as aforesaid, increase or educe the levy by such amount as it deems fit. Any decision of the Association so made shall be final.

(e) Accounts

All accounts shall be presented and passed for payment at an Executive Committee Meeting and the minutes in relation thereto shall be included in the Minute Book.

(f) Bank Account

The funds of the Association shall be banked in the name of the Association with a Trustee savings Bank or Trading Bank as nominated by the Executive Committee.

(g) Bank Account Signatures

The signatures to the Bank Account of the Association shall be as determined by the Executive Committee from time to time, provided that at all times there shall be no less than two (2) signatories.

- (h) The Auditors of this Association shall be a practising registered Chartered Accountant, who shall be appointed by the full members of the Association at each Annual General Meeting. Nominations for the position of Auditors should be lodged with the Association secretary, at least four hours before the commencement of the Annual General Meeting.
- (i) The income and property of the Association wheresoever 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 of the Association provided that nothing herein shall prevent the payment in good faith of remuneration, to any officer or servant of the Association, or any member of the Association in return for services actually rendered to the Association or reasonable and proper rent for premises let by any member of the Association.

15. TREASURER

- (a) The Treasurer of the Association shall be appointed by the Executive Committee and may be a member of the Executive Committee.
- (b) the Treasurer shall take responsibility of all funds and property of the Association and shall keep a record thereof.
- (c) The Treasurer shall keep a record of all business transacted by, or in the name of the Association and shall put before the Members of the Association, a statement of accounts for the preceding year, as soon as possible after the first day of January in each year. The Statement shall be first audited by the Auditor of the Association.
- (d) The Treasurer shall keep a record of all subscriptions during each year.
- (e) The office of Treasurer may be held jointly with that of Secretary.

16. SECRETARY

- (a) The Secretary of the Association shall be appointed by the Executive Committee and may be a member of the Executive Committee.
- (b) The Secretary shall be present at all meetings of the

Executive Committee, unless he/she is unable to attend for any reason and may take part in Executive Committee discussions, but shall not be entitled by virtue of his/her office as Secretary to vote thereat.

(c) The office of Secretary may be held jointly with that of Treasurer.

17. ALTERATION OF RULES

(a) Notice of Motion of any proposed alteration of the Rules of the Association may be presented to the Executive Committee at least thirty (30) days prior to any scheduled General Meeting. The proposed alteration shall be voted upon at the next General Meeting of the Association, provided that such General Meeting is held at least thirty (30) days after the Executive Committee has received the proposed Notice of Motion.

Any Notice of Motion so proposed, shall be distributed by the Executive Committee to all Association Members at least fourteen (14) days prior to the General Meeting being held.

(b) Any resolution altering the Rules must be carried by a two-thirds majority of those members present and entitled to vote.

(c) If any alteration to the Rules is passed, it shall come into operation on the day after the alteration is registered with the Registrar of Incorporated Societies.

(d) No addition to or alteration of Rule 21 (Disposition of Surplus Assets) shall be approved without the consent of the Department of Inland Revenue.

18. POWERS INCIDENTAL TO THE AIMS AND OBJECTS OF THE ASSOCIATION

(a) The Association may purchase, take on lease, or otherwise acquire and lands, buildings, easements, or any real or personal property which may be required for the purpose of or conveniently used in connection with any of the objects of the Association, and may sell, convey, transfer, assign, mortgage, give, exchange or otherwise dispose of the same.

(b) The Association may hire or employ any individuals or bodies corporate or unincorporated as secretaries, providers of secretarial, advisory and promotional services, clerks, manager, servants, or workpeople and may pay them and other persons in return for services provided for the Association such fees, salaries, wages gratuities or pensions as the Executive Committee may from time to time determine.

(c) The Association may subscribe to, or become a member of, or affiliate with, any other association, society, council or body corporate or unincorporated whether in New Zealand or elsewhere, the objects of which are similar either wholly or in part to the objects of the Association, and may establish, promote, or assist in the establishment of any other association, society, council

or body corporate or unincorporated in any part of the world, the establishment or promotion of which may be beneficial to the Association.

- (d) The Association may invest and deal with moneys of the Association not immediately required, upon such trustee securities and in such manner as the Executive Committee determine.
- (e) The Association may borrow, or raise, and give security for money in such manner as the Association shall think fit and in particular, by the issue of bonds, mortgages, debentures, promissory notes, or other obligations or securities of the Association secured upon any or all of its real or personal property.
- (f) The Association may do all such other lawful things, as are incidental or conducive to the attainment of the above objects or any of them.

19. GENERAL

- (a) The Common Seal of the Association be held by the Secretary and shall be fixed to any document upon the authorisation of the Executive Committee and all such documents must be signed by any two (2) members of the Executive Committee or by one member and the Secretary.
- (b) All deliberations at meetings and all documents and writings in connection with the affairs of the Association, sent to or otherwise obtained by members shall be treated as information for the benefit of members only.
- (c) No members shall receive or obtain any pecuniary gain from the property or operation of the Association.

20. WINDING UP The Association may be wound up voluntarily if the Association at a General Meeting of its members passes a resolution requiring the Association so to be wound up and the resolution is confirmed at a subsequent General Meeting called together for that purpose and held no earlier than thirty (30) days after the date of which the resolution so to be confirmed was passed.
- In the event that the funds or assets of the Association are insufficient to meet its liabilities, the difference shall be raised by a levy on the members decided upon by a majority of the members present and entitled to vote at the General Meeting which resolved to wind up the Association.
21. DISPOSITION OF SURPLUS ASSETS On the winding up of the Association all surplus assets after payment of all costs, debts and liabilities shall, subject to any trust affecting the same, be paid to such other consumer protection trade association(s) as the Association at a General Meeting shall determine. If the surplus assets as aforesaid are subject to any trust, they shall be disposed of in the manner provided in Section 27 (2) of the Incorporated Societies Act 1908.
22. INDEMNITY Every Member, Office Bearer, Executive Committee Member, Secretary, Treasurer or other Officer of this Association shall be indemnified by the Association and it shall be the duty of the Association to pay out of the funds available any costs, losses and expenses which any such Member, Office Bearer, Executive Committee Member, secretary, Treasurer or other Officer of this Association may incur or become liable to, by reason of any contract entered into or act or thing done by him/her or it, in discharging his/her or its duty and acting under and in accordance with the instructions of the Association.