

Amendments to Rules of the New Zealand Internet Exchange Incorporated

For Review and Discussion by NZIX Board – March 2021

The following amendments are proposed to the existing rules of the New Zealand Internet Exchange Incorporated.

1. REFERENCES TO WAIA CHANGED TO IAA

Rationale: The Founding Member has changed its legal name and the Society desires amend its own Rules to refer to the current legal name of the Founding Member.

Proposed Amendments:

1.1 Rule 2.1(g): The definition of 'Founding Member' shall be amended by deleting the existing words, '*Western Australian Internet Association (Inc.) (ABN 71 817 988 968) ("WAIA")*' and replacing that text with '*Internet Association of Australia Inc. (ABN 71 817 988 968) ("IAA")*'

1.2 New Rule 2.2f: A new Rule 2.2f. be inserted to read as follows:

2.2f. *All references in these Rules to 'WAIA', shall be read as being references to the IAA, the Founding Member.*

2. CHANGE OF TIMETABLE FOR AGM

Rationale: The current three-month period places significant and unnecessary pressure on the Society's accountants and auditors in the preparation of annual financial statements prior to the annual general meeting. The proposed six-month timeframe between the end of the financial year and the AGM will alleviate that pressure.

Proposed Amendments:

2.1 Rule 6.2.1: Replace the existing word, 'three' with 'six' so that Rule 6.2.1 now reads as follows:

6.2.1 Timing: *The Society shall hold an Annual General Meeting within six calendar months of the end of the financial year (being 31 March in each year), at such time, date and place as decided by the Committee.*

3. CLARIFY AUDIT REQUIREMENTS

Rationale: These provisions of Rule 6.2.3 make it unclear as to whether an auditor is required to be appointed at the AGM. It is proposed that an auditor only be appointed if the requisite number of members at the AGM require the Society's financial statements to be audited.

Proposed Amendments:

3.1 Rules 6.2.3a. and 6.2.3c. Replace the existing Rules 6.2.3a and 6.2.3c. with the following:

6.2.3a. *Presentation and consideration of annual reports, the annual financial statements of the Society and any auditor's report.*

6.2.3(c) *Appointment of auditors for the ensuing year if so requested by not less than 10% of the Members in attendance at the Annual General Meeting.*

3.2 New Rule 9.3: Insert a new Rule 9.3 as follows:

9.3 ***Audit of Financial Statements:*** *If an audit of the Society's accounts is required (including pursuant to a request in accordance with Rule 6.2.3(c)), the Society shall appoint an auditor to audit the annual financial statements of the Society for the relevant year. The Auditor shall report on whether the financial statements are prepared in all material respects in accordance with the Society's accounting policies. The Auditor must be a suitably qualified person and preferably be a member of the Institute of Chartered Accountants Australia and New Zealand, and must not be a member of the Committee, or an employee of the Society. If the Society appoints an Auditor who is unable to act for some reason, the Committee shall appoint another Auditor as a replacement. The Committee is responsible to provide the auditor with:*

- a. Access to all information of which the Committee is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;*
- b. Additional information that the auditor may request from the Committee for the purpose of the audit; and*
- c. Reasonable access to persons within the Society from whom the auditor determines it is necessary to obtain information.*

Explanation: To set out requirements for an auditor and the duties and obligations of Committee if an auditor is appointed.

4. REDUCTION IN SCOPE OF IAA OVERSIGHT

Rationale: With NZIX having now operated successfully for almost 5 years and having a stable and qualified Committee, it is appropriate that the current degree of oversight by IAA is dialled back.

Proposed Amendments:

4.1 Rule 7.4.2: Delete the second sentence of Rule 7.4.2 so that the Rule now reads as follows:

4.1.2 Powers: *The Committee may exercise any powers vested in the Society that are not required by those rules to be exercised by the Society in an Annual General Meeting or Special General Meeting, and may delegate any of its power to sub-committees.*

Explanation: To remove the current requirement in Rule 7.4.2 that the Committee consult with IAA on major decisions.

4.2 Rule 11.1: Amend and reformat Rules 11.1 and 11.3 so that those Rules now reads as follows:

11.1 Procedure: *These Rules may only be altered, added to or repealed by a resolution passed by a 2/3rds (67%) majority of the Full Members present and entitled to vote at an Annual General Meeting or Special General Meeting called in accordance with these Rules. No alteration, addition to or revision shall be made to Rules 4, 9.2 and 12.3.*

11.3 Restriction: *No alteration, addition to, or revision shall be made to Rules 4, 9.2 and 12.3.*

Explanation: Primarily to remove the current requirement in Rule 11.1.2 that any change to the Rules be approved in writing by IAA. Secondly, to move the restrictions on amendments in clause 11.1.3 to clause 11.3 which already deals with restrictions to rule alterations.