

# Constitution/Rules

Adopted January 2026

# Constitution and Rules of Direct Selling New Zealand Inc.

---

## 1. Name of the Association

The name of the Association will be "Direct Selling New Zealand Incorporated" (referred to as the Association").

## 2. Registered Office

The registered office of the Association will be at 206 Royal Road, Massey, Auckland or at such other place as the Direct Selling Association Board (referred to as the Board) will from time to time determine.

## 3. Purpose and Objectives

The objects of the Association will 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 based on the World Federation of Direct Selling Associations Code of Ethics to which all members must adhere.
- c) To foster and promote methods of marketing employed by its members, 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) Work with other Direct Selling Associations and the World Federation to enhance and harmonise acceptance and regulation of direct selling wherever practical.
- f) To protect consumers from misrepresentation and malpractice and ensure that members give to the public good, fair and honest service.
- g) To promote in the direct selling industry the adoption of the following principles and to ensure that members are guided by the:
  - i. That salespersons in all fields must observe the highest standards of integrity, frankness and responsibility in dealing with consumers, and that, in all selling,
  - ii. Description of products must be truthful and terms of sale clearly stated;
  - iii. Honesty is required in the approach to sales; and
  - iv. Courtesy to prospective customers, and consideration of their needs, are prime essentials of all selling.
  - v. 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.
  - vi. That the Association will promote full compliance with any legal obligations and where possible higher standards than required under law.

## 4. Membership

- a) Membership of the Association will be divided into four categories, namely full membership, provisional membership and associate/supplier membership and life membership.
- b) Every application for membership will be in writing (in either hard copy or electronic form) 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 Board.
- d) Individuals or entities become members only after providing written or electronic consent and being entered into the official Register of Members.
- e) Persons and bodies corporate accepted as a member will have their names entered in the appropriate category in the Register of Members of the Association by the Secretary upon payment of any prescribed joining fee and annual subscription.
- f) The Association will maintain an up-to-date Register of Members including names, contact details, date of joining, and other legally required information.
- g) The Association will maintain a minimum of ten consenting members at all times. If membership falls below this, the Board will take appropriate action.

### A. FULL MEMBERSHIP

- a) Any persons or body corporate domiciled or with direct selling operations in New Zealand will be qualified to apply for full membership of the Association provided that for a period of not less than one year 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 Board may, at its discretion, waive or reduce such qualifying period of one year 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 will be circulated to all members of the Board who will 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 Board will, after considering any objections or comments received by the Secretary, determine whether an applicant will be admitted to full membership and will advise the applicant accordingly. This will be undertaken in conjunction with a scheduled board meeting unless by majority electronic decision an earlier consideration is agreed.

### B. 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 one year period will be eligible for provisional membership of the Association, subject to the following conditions;

- a) provisional members will have right to attend all meetings of the Association,
- b) provisional members will not be eligible to hold office in the Association.

- c) provisional members will at all times comply with the Rules and Code of Practice of the Association.
- d) provisional members will pay any joining fee and subscription applicable to provisional members of the Association.
- e) provisional members will not be entitled to vote at any meetings of the Association.
- f) provisional members will not be entitled to use the full Association logo but may publish or state that they are members of the Association or use the Association approved provisional member logo until such time as they have been elected to full membership,
- g) a provisional member of the Association will be deemed to be an applicant for full membership of the Association one (1) years after having been granted provisional membership and the Board will be empowered to consider such application under Rule 4B.

### **C. ASSOCIATE/ SUPPLIER 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.

### **D. LIFE MEMBERSHIP**

The Board may from time to time grant individuals recognition as life members based on meritorious services to the direct selling industry in New Zealand. Life members will be entitled to attend all Association meetings and events at no cost and will be exempt from any subscription fees for this membership.

Where a Life Member remains employed with or holding a role with a member company, that exemption will not extend to that member company other than for that individuals attendance costs at meetings and events.

## **5. Membership Resignation**

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

## **6. Termination, Suspension, and Lapse of Membership**

### **A. MEMBERSHIP TERMINATION**

- 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 will be included in the Notice of Meeting at which the resolution is to be proposed and the member concerned will be entitled to be heard at such meeting.
- c) Termination will be considered if a member will -
  - i. become bankrupt or insolvent or make an assignment for the benefit of their 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 Board 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 Board 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 Board fails to abide by the Association's Code of Practice.

## **B. REPRIMAND OR SUSPENSION OF MEMBERSHIP**

- a) The Board 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 6.A.c (v) or
  - ii. a member if in its opinion they or it has been guilty of such misconduct as is calculated, in the opinion of the Board, to affect prejudicially the wellbeing or reputation of the Association or those engaged in using the direct selling industry provided that;
  - iii. the member will have been notified in writing by either registered post or electronic reply request not less than fourteen days before the Board meeting of the intention to consider their or its suspension, and;
  - iv. the member will have the opportunity at such Board meeting to offer either orally or in writing, any explanation they or it may think fit;
- b) Members will abide by the Rules and Regulations of the Association during any period of notice of suspension or expulsion prior to termination date.
- c) The Board 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 will be deemed to have irrevocably agreed that neither the Board and its members nor the Association and its members (nor any of them) will 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.

## **C. LAPSED MEMBERSHIP**

- a) Any member who fails to pay subscriptions and has not been considered for termination under 6.A.C(v) and has not been suspended under 6.B.(a)-(i) for a period over 12 months from the due date will have their membership automatically considered lapsed.
- b) The secretary will treat such failed payment as an outstanding debt unless it is apparent that recovery of the debt is unlikely.
- c) Any subsequent application to re-join the Association will require all outstanding money to be paid prior to acceptance back into the Association
- d) The Board will have discretion on such matters.

## **7. Member Representation**

- a) Each member being a body corporate will 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 will exercise all the rights of the member whom they represents in relation to the affairs of the Association.
- c) The Association will 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, will 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 will be entitled to be heard.
- e) The withdrawal of a representative will only be considered if the representative:
  - i. becomes bankrupt or insolvent or makes any assignment to the benefit of their creditors;
  - ii. commits any act of non-observance or neglect which the Board considers dishonourable and inconsistent with the best interests of the members and the credit of the Association;
  - iii. commits any act whatsoever which the Board considers to be an offence against the Rules of the Association;
  - iv. in the opinion of the Board fails to abide by the Association's Code of Practice.

## 8. Governance Structure

The Office Bearers of the Association will be: --

- a) President
- b) The Immediate Past President
- c) Vice-President
- d) Board of Directors comprising the President, Immediate Past President, Vice-President and up to six other persons. They will all be members or representatives of members.
- e) Secretary
- f) Treasurer

## 9. Election of Officers and Board Members

- a) The President, Vice-President and other members of the Board will be elected for the ensuing year at the Annual General Meeting.
- b) Nomination for these positions will be lodged with the Secretary at least four hours prior to the Annual General Meeting on a prescribed form to provide for nominating full member.
- c) The Nominating member will ensure that the nominee has accepted the nomination prior to submitting the completed nomination form to the secretary
- d) The Board may fill any casual vacancies occurring during the current year and such appointees will be members or representatives of members and hold office until the next Annual General Meeting.
- e) The Board will have the power to co-opt additional members where they believe that members will offer sufficient skill, expertise or benefit to the objectives of the Association. Co-opted members under this power will be restricted to 2 persons over the power granted under 9.(d)
- f) The Board will appoint one to three contact persons to liaise with the Registrar. These individuals may or may not be officers or members.

## **10. Meetings and Procedures**

### **A. ANNUAL GENERAL MEETING**

- a) The Annual General Meeting of the Association will be held in each calendar year, within six months of the financial year end.
- b) Notice will be given at least 14 days in advance.
- c) Voting may be in person, by proxy, or electronically.
- d) The date and place will be fixed by the Board and the Secretary will give notice in writing of such meetings to the members. The notice will specify the nature of the business to be discussed and any proposed resolution;
- e) The business will be to receive and consider the report of the Board for the previous year, to receive and consider the accounts of the previous year, to elect the Officers and Board, 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**

- a) Extraordinary General Meetings will be held at such times and places as the Executive Committee may determine and notice of such meetings will 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;
- b) At any time the Board, 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 will 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, will not invalidate the proceedings at the meetings.

### **D. BOARD MEETINGS**

- a) Board Meetings will be held at such times and such places as determined by the President, or in their absence, the Vice-President.
- b) Two days' notice of such meeting, together with the purpose of such meeting will be given to all Board members, either orally or in writing.

### **E. ABSENCE**

- a) The President and in their absence the Vice-President, will act as Chairman at all meetings of the Board. In their absence a Chairman will be chosen by those present and entitled to vote.
- b) In the absence of a Board member from a meeting of the board a proxy from the nominating member company may be appointed subject to the elected board members approval for no more than two (2) consecutive meetings.

## 11. Voting Rights and Procedures

- a) At any General Meeting of the Association, the following will apply:
  - i. On a show of hands, every full member represented in person and entitled to vote, will 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 their 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 will 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 will 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 Board, in the event of an equality of votes, the Chairman will have a second or casting vote.
- c) All voting at meetings of the Association or Board will be by simple majority except where the Rules of the Association require otherwise.

## 12. Quorum Requirements

At a General Meeting, a quorum will be four members, and at a Board Meeting, three members.

## 13. Board (Officers) Powers, Responsibilities & Duties

- a) The Board will 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 Board may delegate any of its power to subcommittees 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 will conform to any requirement of the Board.
- c) All officers of the Association shall:
  - I. Act in good faith and in the best interests of the Association;
  - II. Exercise powers for proper purposes only;
  - III. Comply with the Act and this Constitution;
  - IV. Exercise reasonable care and diligence;
  - V. Avoid substantial risk of serious loss to creditors;
  - VI. Not incur obligations unless reasonably believed the Association can meet them.

## 14. Financial Management

The financial year of the Association will terminate on the thirty-first day in December each year.

### A. JOINING FEE

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

### B. ANNUAL SUBSCRIPTIONS

- a) The respective amount of the annual subscription to be paid by the various categories of full members, provisional members and associate/supplier members will be determined at each Annual General Meeting.
- b) Subscriptions of existing members will be payable within sixty (60) days of the Annual General Meeting. New members will pay their subscription within thirty (30) days of admission to membership. A member admitted during a financial year will pay a proportionate fee for the part of the year during which they or it will be a member unless this the admittance is within 30 days of the end of the financial year
- c) The amount of annual subscription will be based upon a suitable formula determined at the Annual General Meeting.

### C. LEVIES

- a) The Board 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:
- b) The sum levied may be a different amount for each member. In setting the amount of any levy on a member, the Board will 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:
- c) Any member levied as aforesaid, will 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, they or it gives to the Secretary, written notice of their or its intention to appeal, including a brief statement of the grounds thereof:
- d) The appeal will 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, will 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 reduce the levy by such amount as it deems fit. Any decision of the Association made will be final.

### D. ACCOUNTS

All financial accounts/statements will be reported and approved at a Board Meeting and the minutes in relation thereto will be included in the Minute Book.

Payment of accounts will be in accordance with the Associations payment policy document and signatory procedures.

### E. BANK ACCOUNT

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

## **F. BANK ACCOUNT SIGNATURES**

The signatures to the Bank Account of the Association will be as determined by the Board from time to time, provided that at all times there will be no less than two (2) signatories. Electronic payment approvals must be undertaken by the approved signatories unless otherwise appointed by the Board.

**G. THE AUDITORS OF THIS ASSOCIATION** will be a practicing registered Chartered Accountant, who will 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.

**H. THE INCOME AND PROPERTY OF THE ASSOCIATION** wheresoever derived, will be applied solely towards the promotion of the objects of the Association and no portion thereof will 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 will 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 Responsibilities**

- a) The Treasurer of the Association will be appointed by the Board, and may be a member of the Board.
- b) The Treasurer will take responsibility for all funds and property of the Association and will keep a record thereof.
- c) The Treasurer will keep a record of all business transacted by, or in the name of the Association and will 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 each year. The Statement will be first audited by the Auditor of the Association.
- d) The Treasurer will keep a record of all subscriptions during each year.
- e) The office of Treasurer may be held jointly with that of Secretary.

## **16. Secretary Responsibilities**

- a) The Secretary of the Association will be appointed by the Board and may be a member of the Board.
- b) The Secretary will be present at all meetings of the Board, unless they is unable to attend for any reason and may take part in Board discussions, but will not be entitled by virtue of their office as Secretary to vote thereat.
- c) The office of Secretary may be held jointly with that of Treasurer.

## **17. Amendments to the Constitution**

- a) Notice of Motion of any proposed alteration of the Constitution and Rules of the Association may be presented to the Board at least thirty (30) days prior to any scheduled General Meeting.
- b) The proposed alteration will 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 Board has received the proposed Notice of Motion.

- c) Any Notice of Motion so proposed will be distributed by the Board to all Association Members at least fourteen (14) days prior to the General Meeting being held.
- d) Any resolution altering the Rules must be carried by a two-thirds majority **vote** of those members present and entitled to vote.
- e) If any alteration to the Rules is passed, it will come into operation on the day after the alteration is registered with the Registrar of Incorporated Societies.
- f) No addition to or alteration of Rule 21 (Disposition of Surplus Assets) will be approved without the consent of the Department of Inland Revenue.

## 18. Additional Powers

- 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, treasurer, 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 Board 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 Board determines.
- e) The Association may borrow, or raise, and give security for money in such manner as the Association will 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. Dispute Resolution

Any dispute between members or between a member and the Association shall be resolved through the following process:

1. Written complaint submitted to the Secretary;
2. Board review and response within 30 days;
3. If unresolved, referral to an independent mediator agreed by both parties;
4. Decisions shall be guided by principles of natural justice.

## 20. General Provisions

- a) The Common Seal of the Association be held by the Secretary and will be fixed to any document upon the authorisation of the Board and all such documents must be signed by any two (2) members of the Board 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 will be treated as information for the benefit of members only.
- c) No members will receive or obtain any pecuniary gain from the property or operation of the Association.

## 18. Winding Up the Association

- a) 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.
- b) In the event that the funds or assets of the Association are insufficient to meet its liabilities, the difference will 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.

## 19. Distribution of Surplus Assets

On the winding up of the Association all surplus assets after payment of all costs, debts and liabilities will, subject to any trust affecting the same, be paid to such other consumer protection trade association(s) as the Association at a General Meeting will determine. If the surplus assets as aforesaid are subject to any trust, they will be disposed of in the manner provided in Section 27 (2) of the Incorporated Societies Act 1908.

## 20. Indemnity Clause

Every Member, Office Bearer, Board Member, Secretary, Treasurer or other Officer of this Association will be indemnified by the Association and it will be the duty of the Association to pay out of the funds available any costs, losses and expenses which any such Member, Office Bearer, Board 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 their or its duty and acting under and in accordance with the instructions of the Association.