

Rules of

Generation Community Limited

Registered office: 34 Bedford Row, London, WC1R 4JH

(incorporated under the Industrial and Provident Societies Act 1965)

31214R

Reinvestment Rules - Community Assets Model 2010

Generation Community Limited

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Rules of Generation Community Limited

A Name, number and main objects

1 What is the society's name and number?

1.1 The society's name is Generation Community Limited

1.2 The society's registered number is **31214R**.

1.3 The society's registered office is 34 Bedford Row, London, WC1R 4JH.

2 What are the society's objects?

2.1 The society aims to:

2.1.1 To improve the health, wealth and happiness of the UK low carbon community by providing an opportunity for public-spirited people and organisations to engage financially with their community, with the expectation of a social dividend, rather than a purely financial reward.

2.2 Examples of the ways in which the society may carry out its objects may include:

2.2.1 Supporting social enterprises and businesses whose activities will benefit the UK low carbon community by providing access to capital.

2.2.2 Developing new or existing services to the UK low carbon community that contribute to the low carbon economy.

2.2.3 Advance education, particularly concerning asset based community development and enterprises with a community or environmental focus.

2.3 Those objects are carried on for the benefit of the community.

2.4 The society's members may, subject to the registration of a rule amendment by the Financial Services Authority, change the society's objects. See rule 31.

B Rights of members of the society

3 What types of share are there?

3.1 All shares in the society are ordinary shares with a nominal value of one pound each. The 'par' or 'capital' value of shares may be reduced in some circumstances (see rule 16).

3.2 The society may issue some shares as designated for a particular purpose. Those shares may carry a risk or return which is different from that for other shares. (see rule 16.5). However, all shares irrespective of their issue will have the same voting rights.

35 3.3 'In accordance with Rule 3.2 the Society may issue "A" Shares and "B" Shares
36 having the rights and restrictions attaching to them as set out in these Rules and
37 otherwise on such terms as the Board shall think appropriate (and the term "shares"
38 or "share" in these Rules shall refer to all or any of such shares of whatever class as
39 are in issue in the Society from time to time). Rule 7.1 applies to "A" shares only and
40 only "A" shares may be withdrawn in accordance with the provisions of these Rules.
41 Subject to not exceeding the maximum shareholding permitted by law a member may
42 hold either or both "A" Shares and "B" Shares.'

43 **4 What is the minimum shareholding?**

44 4.1 Members of the society must have a minimum shareholding of one share.

45 4.2 Members that withdraw all of their shares will no longer be members of the society.

46 4.3 A member's debt due to the society will give the society a lien on the member's
47 shares. This debt may be offset against the member's share capital, share interest or
48 loans to the society.

49 **5 What is the maximum shareholding?**

50 5.1 A members total "A" share, holding cannot exceed the maximum the law allows.
51 Currently that is £20,000. But that limit does not apply if the member is an Industrial
52 and Provident Society.

53 5.2 In rule 5.1, a member's total shareholding includes all shares registered in the
54 member's name, including (for example):

55 ◇ all shares jointly held with others; and

56 ◇ shares held on behalf of others.

57 **6 How to become a member of the society**

58 6.1 On formation of the society, the subscribers to these rules become members, each
59 holding one share. (This rule does not apply to the society where the society is
60 adopting these rules in substitution for an earlier set of rules).

61 6.2 The directors of the society will, from time to time, set the procedures and forms to be
62 used for applying for shares and for the minimum allowable shareholding under rule
63 4.1. Those procedures should include the following:

64 6.2.1 The directors will obtain legal advice, to confirm that any proposed financial
65 promotion:

66 6.2.1.1 does not contain any untrue or misleading statement; and

67 6.2.1.2 gives a reasonable and fair description of the risks associated with
68 holding withdrawable shares in this society; and

69 6.2.1.3 complies with any voluntary code or guidance which the society may,
70 from time to time, agree.

71 6.2.2 For this rule, a proposed financial promotion is any document issued by the
72 society to promote the issue of shares (or anything else which might be

73 considered an investment if issued by a company, such as a bond, for
74 example).

75 6.2.3 For this rule a document also includes 'non-real time communications' and
76 'real time communications' (as described in article 7 of the Financial Services
77 and Markets Act 2000 [Financial Promotion] Order 2001; SI 2001/1335), even
78 if it is not in documentary form.

79 6.3 Members must pay one pound for each share for which they apply.

80 6.4 When shares are issued, the society will provide a share certificate in respect of
81 those shares. At that time a member's details will be entered into the society's
82 register of members.

83 6.5 The society may operate a share purchase instalments scheme to help members to
84 purchase the minimum shareholding. Some legal restrictions may govern the
85 operation of that scheme.

86 6.6 The society will take reasonable steps to verify the identification of members. The
87 society will retain a copy of all documents seen to verify the identity of a member.

88 **7 How do members withdraw their shares?**

89 7.1 Members do not have the right to withdraw share capital but the Board of the Society
90 has the power to permit "A" Shares in the Society to be withdrawn by agreement
91 between the Board and the member holding those shares in accordance with any
92 procedures and other conditions the Board may announce. If the Board does permit
93 shares to be withdrawn then the amount to be paid to the member who is
94 withdrawing shares shall be the amount subscribed for the "A" Shares so withdrawn,
95 less any costs incurred by the Society in relation to that withdrawal. Subject to rule
96 16.1 this does not apply if the society has reduced the capital value of shares (by
97 passing a board resolution, under rule 16.4.1). In that case the society will return only
98 the reduced capital value of the shares.

99 7.2 The Board may resolve to repay any proportion (the "Proportion") of its share capital
100 to its members on the terms of this Rule 7.2, in which case it shall treat as agreed to
101 be repaid on behalf of every member (and not some only) that Proportion of the
102 shares held by them treating "A" Shares and "B" Shares equally (with such rounding
103 to the nearest whole number of that Proportion which is a fraction as the Board may
104 determine). A member holding both "A" Shares and "B" Shares shall have the same
105 Proportion of each class of share held by him repaid. The amount to be repaid per
106 share pursuant to this Rule 7.2 shall be the amount subscribed for the shares so
107 repaid. Shares repaid under this Rule shall be treated as cancelled. All members are
108 deemed to give any consents required to the repayment of share capital in the
109 manner provided for in this Rule 7.2. If shares are withdrawn the society will pay any
110 interest accrued to the date of withdrawal.

111 7.3 Shares may at the sole discretion of the society be withdrawn on 180 days' notice but
112 are subject to the restrictions in rule 7.1. All withdrawals shall be in the order in which
113 the notices are received by the society.

114 Notice, whenever given, does not take effect before the third anniversary of:

115 7.3.1 the share being issued, or, if later

116 7.3.2 the enterprise beginning to trade (with the trade relevant for the purposes of
117 the Enterprise Investment Scheme).

- 118 7.4 Once the third anniversary of Rule 7.3.1 or if later Rule 7.3.2 has occurred, and NOT
 119 BEFORE, the society may waive the 180 day notice period, or accept a shorter
 120 notice period. That will be at the sole discretion of the society's directors and
 121 members have no right to insist that the society should waive or reduce the normal
 122 notice period.
- 123 7.5 Members must return their share certificates to the society 180 days after providing
 124 notice of withdrawal.
- 125 7.6 When members apply to withdraw shares, they will need to
- 126 ◇ complete a withdrawal form (as set by the society's directors);
 - 127 ◇ comply with any procedures the society's directors may set; and
 - 128 ◇ produce evidence of identity (if not previously provided).
- 129 7.7 From time to time, the society may suspend (or limit) a member's right to withdraw
 130 shares.
- 131 7.8 There is a minimum number of members. The minimum is currently:
- 132 ◆ two (if both members are industrial and provident societies) or
 - 133 ◆ three (if any member is not an industrial and provident society).
- 134 *If...*
 135 the society has no more than the minimum number of members...
- 136 *then...*
 137 those members can withdraw some of their shares,
- 138 *but,*
 139 those members cannot withdraw all of their shares.
- 140 7.9 Members may end their membership of the society by withdrawing all their shares.
 141 Or, if the right to withdraw is suspended by rule 7.7, members may surrender all their
 142 shares. On surrender the directors of the society may (but do not have to) pay some
 143 or all of the money paid for the shares.
- 144 **8 What if a member loses their share certificate?**
- 145 8.1 The members of the society are those whose names are on the register of members.
 146 So, at their discretion, the directors may allow the society to replace a lost or
 147 destroyed share certificate.
- 148 8.2 The directors may set conditions for the replacement. Members will have to meet
 149 those conditions before the society can issue the replacement.
- 150 **9 Can a member sell their shares?**
- 151 9.1 A member cannot transfer any of their shares to any other person.
- 152 **10 What are a member's voting rights?**
- 153 10.1 At the society's annual general meeting (and other general meetings of the society),
 154 each member has one vote. Members will have one vote each irrespective of the
 155 number of shares they may hold.

156 **11 Can a member hold shares in joint names?**

157 11.1 A member may hold any shares in their own name. Or they may hold them jointly
158 (with up to three others).

159 11.2 Suppose a member represents an unincorporated association (perhaps a club or
160 society, for example). The association's shares must be held in the joint names of
161 two or more persons. The association cannot hold shares in its own name (but the
162 holders of its shares may ask the society to note the association's name and address
163 in the society's register of members).

164 11.3 For voting and the payment of interest, the joint holders of a share are one
165 shareholder and one member.

166 11.4 If a member holds a share jointly, the member and the other holders of that share
167 may go to the society's general meetings (and speak at them). But only one of the
168 holders of that share can vote. If the holders of the share cannot agree between them
169 who is to vote, it will be the person named first (in the society's register of members).

170 11.5 Similarly, the society will send correspondence, notices, and the share certificate, only
171 to the person named first (in the society's register of members), unless that person
172 gives the society different, written, instructions.

173 11.6 Similarly, the society will pay interest only to the person named first (in the society's
174 register of members), unless that person gives the society different, written,
175 instructions.

176 11.7 Unless members give the society different, written, instructions, all joint holders of a
177 share must sign an application to withdraw the share.

178

179 **12 Can children own shares?**

180 12.1 Members must be 16 years old, or older.

181 12.2 A person under 16 cannot be a member. But a member can hold shares on behalf of
182 somebody who is under 16. The society has to treat those shares as belonging to
183 that member (and not the child), for the purposes of rule 5.1 (which sets the greatest
184 total value of shares a member can have in their name). Following that person's 16th
185 birthday, they may become a member of the society and those shares can pass on to
186 them.

187 **13 What happens on death, bankruptcy or mental incapacity?**

188 13.1 This rule 13.1 applies on the death of a member holding a share in their own name.

189 **For shareholdings of £5,000 or less:**

190 *If ...*

191 the member has named a person to take the shares on their death (called the
192 member's **nominee**),

193 *...and if...*

194the shares registered in the member's name have a total value of £5,000 (or
195 less),

196 **then...**

197 the society will transfer the shares to the member's nominee.

198

199 **For shareholdings greater than £5,000:**

200 **If ...**

201 the member has named a person to take the shares on their death (called the
202 member's **nominee**),

203 **...and if...**

204the shares registered in the member's name have a total value of more than
205 £5,000,

206 **then...**

207 ...the society will transfer the shares to the member's nominee, but only for shares
208 with a total value of £5,000. The society will decide which shares transfer to the
209 member's nominee. The member's personal representatives will have to deal with
210 the other remaining shares.

211

212

213 **For shareholdings where the nominee is younger than 16 (when they could**
214 **take the shares):**

215 **If ...**

216 the member has named a person to take the shares on their death (called the
217 member's **nominee**),

218 **...and if...**

219 ...the member's nominee is younger than 16 (when they could take the shares),

220 **then...**

221 ...the society may treat an adult (the member's nominee's mother, father, or
222 guardian, for example) as having the rights of the member's nominee. The society
223 will then transfer the member's shares to them. That adult must undertake to hold
224 the shares on trust for the member's nominee.

225 **For shareholdings where the member has no nominee and the value is £5,000**
226 **or less:**

227 **If ...**

228 the member has NOT named a person to take the shares on their death,

229 ...and if...
230 ...the shares registered in the member's name (and any other interests the
231 member may have with the society) have a total value of £5,000 (or less),

232 **then...**
233 ...the society may (at the society's discretion) transfer the shares to the person who
234 seems to have the legal right to them (member's wife, husband, civil partner or
235 children, for example). The society will ask for evidence of their right. The society
236 is unable to transfer the shares to that person if the personal representative has
237 applied for probate or letters of administration.

238 **For shareholdings where the member has no nominee and their personal**
239 **representatives have applied for probate or letters of administration, and the**
240 **value is £5,000 or less:**

241 **If ...**
242 the member has NOT named a person to take the shares on their death, BUT their
243 personal representatives have applied for probate or letters of administration,

244 ...and if...
245 ... the shares registered in the member's name (and any other interests the
246 member may have with the society) have a total value of £5,000 (or less),

247 **then...**
248 ... the society will transfer the shares to the member's personal representative. The
249 society must see the probate or letters of administration.

250 **For shareholdings where the member has no nominee and the value is greater**
251 **than £5,000:**

252 **If ...**
253 the member has NOT named a person to take the shares on their death,

254 ...and if...
255 ... the shares registered in the member's name have a total value of more than
256 £5,000,

257 **then...**
258 ...the society will transfer the shares to the member's personal representative. The
259 society must see the probate or letters of administration.

260 13.2 After the society has transferred the member's share to their personal representative,
261 the personal representative:

- 262 ◇ may apply to withdraw the share;
- 263 ◇ may apply to receive any interest that may become due on the share before
264 they withdraw it;

265 ◇ but cannot exercise any other membership rights for that share.

266 13.3 Any other person to whom the society transfers a member's shares (under rule 13.1)
267 will have all the membership rights previously enjoyed by the member.

268 13.4 This rule 13.4 applies on the death of a member who held a share jointly with others.

269 ***If...***

270 the member has not given the society written instructions...

271 ***... then...***

272 the society will treat the surviving owner (or owners) as the only (joint) owner of that
273 share.

274 ***If...***

275 the member has given the society written instructions to do so...

276 ***...then...***

277 rule 13.1 tells the society who to register in the member's place.

278 13.5 This rule applies to the member's replacement (the person to whom the society
279 transfers the member's shares under rules 13.1 or 13.4). Rules 13.1 and 13.4 do not
280 allow the member's replacement to hold (on their own or jointly, with others) shares
281 with a total value greater than the law allows. See rule 5.1.

282 13.6 After the society receives written proof that a member is bankrupt, the trustee of their
283 estate may apply to withdraw the share. The trustee may also then apply to receive
284 any interest that may become due on the share before they withdraw it. The trustee
285 cannot exercise any other membership rights for that share. This rule 13.6 applies if
286 the share was in the member's sole name.

287 13.7 This rule 13.7 applies when the society receives written proof that a joint holder of a
288 share is bankrupt. The society will then substitute the interest of the trustee of their
289 estate for the name of that joint holder (in the society's register of members). The
290 trustee will be substituted as the last named person (of the joint holders of that share)
291 registered as holding that share. The society will automatically cancel any written
292 instructions that vary the effect of rules 11.5, 11.6, or 11.7.

293 13.8 This rule 13.8 applies when a member (or a person claiming through a member) is
294 mentally incapable. The board should treat that individual as mentally incapable when
295 satisfied (after considering medical evidence) that the individual is incapable, through
296 disorder or disability of mind, of managing their own affairs.

297 13.9 When rule 13.8 applies, the board should deal with the individual's donee or deputy if:

298 13.9.1 the individual lacks capacity (as described in the Mental Capacity Act 2005)
299 for the purposes of the Industrial and Provident Societies Act 1965; and

300 13.9.2 there is, for that individual:

301 13.9.2.1 a donee of an enduring power of attorney (as described in the
302 Mental Capacity Act 2005); or

303 13.9.2.2 a donee of a lasting power of attorney (as described in the Mental
304 Capacity Act 2005); or

305 13.9.2.3 a deputy, appointed by the Court of Protection; and

306 13.9.3 that donee, or deputy has power for that individual, for the purposes of the
307 Industrial and Provident Societies Act 1965.

308 13.10 In all other cases when rule 13.8 applies, the board may pay, to any person they
309 judge proper, the value of that individual's shares, loans and deposits with the society.
310 But first the board must be satisfied that:

311 13.10.1 no other person has been appointed to administer that individual's property;
312 and

313 13.10.2 it is just and expedient to pay that person.

314

315 **14 Will members get a windfall if the society converts?**

316 14.1 The society may convert itself into a company, amalgamate with another society or
317 company, or transfer its business to another society or company. The society or
318 company (into which the society converts, or with which it amalgamates, or to which it
319 transfers its business) must have objects similar to those of the society. The
320 procedures and conditions for that are in ss50-52 and s54 of the Industrial and
321 Provident Societies Act 1965.

322 14.2 Members are not to benefit financially if the society converts, or transfers its business
323 or is wound up (see rule 32.5). The society may make it a condition of membership
324 that members sign a contract with the society prior to becoming a member, in such
325 form as the society's directors require, by which members give up any personal
326 financial benefit from conversion, or transfer, or winding up.

327 The society may also make it a condition that for any members that were not
328 previously subject to such a contract, that such a contract becomes a condition of
329 their ongoing membership, subject to the agreement of members at an AGM and
330 where relevant, the registration with the Financial Services Authority of any related
331 rule amendments.

332 14.3 Members appoint the society's secretary as their attorney (for this purpose only and
333 no other). The society's secretary may sign the contract referred to in rule 14.2 above
334 for members if members do not sign it and return it within 14 days after the society
335 asks them to. That appointment is irrevocable and granted to secure members'
336 obligation in rule 14.2.

337 **15 Will the society pay interest on shares?**

338 15.1 The society may use its property and profits only to promote its objects. The society
339 will not pay members any dividend, bonus or other share in profits.

340 15.2 Rule 15.1 does not prevent the society from paying interest on shares. The directors
341 of the society will set the rate of interest (if any). It will be a variable interest rate.
342 Subject to the agreement of members at an AGM, the directors may decide to pay
343 interest to members on their shares by issuing further shares.

- 344 15.3 The society will not pay a rate of interest that is higher than needed to fund the
345 society's activities. In setting the rate, the society's directors will take particular
346 account of the society's intention to provide an opportunity for public-spirited people
347 and organisations to contribute financially to the community, with the expectation of a
348 social dividend, rather than personal financial reward.
- 349 15.4 The society will calculate the interest on the money paid for the shares (unless their
350 capital value has been written down under rule 16.4.1). While shares are written
351 down under rule 16.4.1 the society will calculate the interest on that written down
352 value.
- 353 15.5 Rule 15.1 does not prevent the society from setting aside a reserve fund. The
354 society's directors are to decide how much is to be transferred to the reserve fund.
355 The reserve fund may be used to meet any contingency which affects the society's
356 business. But, before the society can use the reserve fund:
- 357 15.5.1 the directors have to recommend its use to a general meeting of members;
358 and
- 359 15.5.2 the general meeting must approve its use (by a simple majority).
- 360 15.6 Rule 15.1 does not prevent the society from paying money to support:
- 361 15.6.1 co-operative development; and
- 362 15.6.2 educational purposes; and
- 363 15.6.3 charitable purposes.
- 364 15.7 The directors may propose payments authorised by rule 15.6. But, before the society
365 can make the payment:
- 366 15.7.1 the directors have to recommend it to a general meeting of members; and
- 367 15.7.2 the general meeting must approve it (by a simple majority).
- 368 15.8 Rule 15.1 does not prevent the society from paying (in good faith):
- 369 15.8.1 (at a reasonable and proper rate) for services rendered to the society by any of
370 its employees, officers or members, and reimbursement of their expenses; and
- 371 15.8.2 (at a reasonable and proper rate) rent, for premises let to the society by any of
372 its employees or officers.

373 **16 Can members have their shares taken from them?**

- 374 16.1 The society may reduce the value of shares if the society's liabilities (plus issued
375 share capital) become more than the value of the society's assets. The
376 circumstances in which this may happen are described below (in rules 16.2 to 16.4).
377 Those rules 16.2 to 16.4 also describe the procedures the society must follow to do
378 that.
- 379 16.2 Suppose that the society's directors believe that the society's liabilities (plus issued
380 share capital) may be more than the value of the society's assets. The directors then
381 may instruct accountants to report to them. The accountants may be the society's
382 auditors, or they may be independent qualified accountants.

- 383 16.3 Suppose that the accountants appointed under rule 16.2 report to the directors that
384 the society's liabilities (plus issued share capital) are more than the value of the
385 society's assets. The directors may then decide to apportion the excess liabilities (or
386 part of them) among the shareholders. When the excess liabilities are apportioned,
387 the total of the excess will be apportioned among the shareholders in proportion to the
388 total nominal value of shares held by each member. The total nominal value, for
389 these purposes, will be taken to be that at the close of business on the date of the
390 apportionment.
- 391 16.4 Suppose that the directors resolve to apportion the society's excess liabilities in
392 accordance with rule 16.3. The directors must then resolve either:
- 393 16.4.1 That the capital value of each share then in issue is reduced accordingly, but:
- 394 16.4.1.1 the society shall not reduce the capital value of any share below zero
395 (that is to say a member will not owe any money to the society); and
- 396 16.4.1.2 the society may restore the capital value, by a similar procedure to
397 that described in rules 16.2 to 16.4 (but only where the value of the
398 society's assets is more than the liabilities [plus nominal issued share
399 capital]); and
- 400 16.4.1.3 if the society restores the capital value, the society shall not increase it
401 above one pound; and
- 402 16.4.1.4 all shares the society may issue later (after the society has reduced
403 the capital value of any shares) are to be issued at par (and for a
404 nominal value of one pound each).
- 405 16.5 Rules 16.2 to 16.4 may not apply to assets, liabilities and share capital which are
406 designated to specific purposes in accordance with rule 3.2. Shares may be issued
407 on the bases that:
- 408 16.5.1 they are designated to a specific purpose (under rule 3.2); and
- 409 16.5.2 the funds for that purpose are treated as separate from the society's other
410 funds.
- 411 16.6 If shares are issued on those bases (in rules 16.5.1 and 16.5.2), this rule 16.6 applies.
412 The assets, liabilities and share capital for each of those purposes (the **Special**
413 **Purpose Funds**) are treated separately from the society's other assets, liabilities and
414 share capital (the **General Purpose Funds**) in following the procedures in rules 16.2
415 to 16.4. And the procedures in rules 16.2 to 16.4 do not have to be applied to any of
416 the Special Purpose Funds when they are applied to the General Purpose Funds.
417 Similarly, the procedures in rules 16.2 to 16.4 may be applied to any of the Special
418 Purpose Funds in isolation; they do not have to be applied to any other of the Special
419 Purpose Funds (or the General Purpose Funds) at the same time.

420 **16A Nominee shareholdings**

- 421 16A.1 The board may approve a person as an Approved Nominee. The board may impose
422 conditions when it approves an Approved Nominee, and may later vary them and add
423 new conditions. For example, the board may wish to ensure that:
- 424 16A.1.1 the Approved Nominee is a fit and proper person to represent members of
425 the society; and

- 426 16A.1.2 the Approved Nominee is operating effective identification and money-
427 laundering procedures at least equivalent to those operated by the society;
428 and
- 429 16A.1.3 the Approved Nominee will, on request, give full identification information
430 about any member it represents; and
- 431 16A.1.4 the Approved Nominee gives prospective members a reasonable and fair
432 description of the risks associated with holding withdrawable shares in this
433 society.
- 434 16A.2 The board may not approve more than five Approved Nominees at any time.
- 435 16A.3 An Approved Nominee may apply for membership of the society on its own behalf, or
436 on behalf of others. When applying for membership on behalf of another, the
437 Approved Nominee must name that other, and identify the number of shares for
438 which that other is applying.
- 439 16A.4 When the board approve an application for shares by an Approved Nominee (acting
440 as such), the society will enter the member in its register of members, and issue the
441 share certificate as: '*[name of Approved Nominee] re [name of member]*'. The society
442 will enter the address of the Approved Nominee as the address of that member for
443 those shares.
- 444 16A.5 For the purposes of rules 5.1 and 7.8, each member represented by the Approved
445 Nominee is a separate member and their shareholding through the Approved
446 Nominee is treated as part of their total shareholding. The Approved Nominee itself
447 (if it owns shares other than on behalf of others) is a separate member.
- 448 16A.6 For the purposes of rule 7.3, an Approved Nominee may give notice on behalf of a
449 member it represents (but only for those shares registered in its name on behalf of
450 that member).
- 451 16A.7 The society will return capital and pay interest payable under rule 15.2 to the
452 Approved Nominee on behalf of the members it represents (but only for those shares
453 registered in its name on behalf of those members).
- 454 16A.8 For the purposes of rules 27 and 28, the society need give only one notice to an
455 Approved Nominee, with one set of papers, and that is regarded as good notice of
456 the general meeting, to the Approved Nominee and each member it represents (for
457 all shares owned by that member).
- 458 16A.9 At general meetings the Approved Nominee is automatically the proxy of each
459 member it represents, without the need for any further proxy form. In counting for the
460 quorum at a general meeting, each member represented by the Approved Nominee
461 is regarded as present.
- 462 16A.10 At general meetings, the Approved Nominee does not have to cast all votes under its
463 control in the same manner. So, for example, some of its block of votes may be cast
464 for a particular resolution, some against, and some might abstain. Nothing in these
465 rules gives any member or officer of the society any right to compel the Approved
466 Nominee to disclose why it has cast the votes under its control in any particular way.

- 467 16A.11 An Approved Nominee must give this information to the society on each occasion
468 that it casts any of its block of votes:
- 469 16A.11.1 the total number of votes in its block.
- 470 16A.11.2 the number of votes it is casting for the motion.
- 471 16A.11.3 the number of votes it is casting against the motion.
- 472 16A.11.4 the number of abstentions from its block (all members whom it represents,
473 but who are not voting for or against the motion).
- 474 16A.11.5 its net vote (the difference between the number of votes it is casting for the
475 motion and the number it is casting against the motion).
- 476 16A.12 The size of the block of votes cast by any Approved Nominee is limited. The net vote
477 cast by an Approved Nominee for or against any motion is counted as no more than
478 the lower of:
- 479 16A.12.1 That Approved Nominee's net vote on that motion.
- 480 16A.12.2 Such number of votes as constitutes 5% of the total votes cast for and
481 against the motion. In counting the total votes cast for and against the
482 motion the society must count the net vote of each Approved Nominee
483 voting (each limited to 5% of the total). In counting the total votes cast for
484 and against the motion, the society must not count any abstentions.
- 485 16A.13 The society may terminate the approval of the Approved Nominee on reasonable
486 notice following failure to comply with any condition applied by the society. The
487 Approved Nominee is then treated as having given notice to withdraw all shares it
488 holds (for itself and on behalf of others).
489
-

490

491 **C Management of the society**

492 **17 The directors**

- 493 17.1 The people nominated (as directors) by the subscribers to these rules became the
494 first directors of the society, when it was formed. (This rule does not apply to the
495 society where the society is adopting these rules in substitution for an earlier set of
496 rules).
- 497 17.2 The directors:
- 498 ◇ manage the business of the society;
 - 499 ◇ may (at any board meeting at which there is a quorum) exercise any of the
500 society's powers;
 - 501 ◇ may delegate any of their powers to a committee (of 2 or more directors);
 - 502 ◇ may delegate any of their powers to a sole director;

- 503 ◇ may appoint and have power to remove (subject to compliance with any
504 contractual arrangements which may be in place) any person or organisation
505 to act as the agent of the society “The Manager” (and they may authorise that
506 person to delegate their powers and day to day management of the society).
- 507 17.3 The society has a minimum of two directors (see also rule 17.7). If there is one
508 director, the sole director has authority to appoint a second director.
- 509 17.4 The directors on the society’s board are appointed by members at the annual general
510 meeting. All candidates for a board position must find members to act as a proposer
511 and seconder and then declare their intention to stand for the board 14 days before
512 the annual general meeting. Between annual general meetings, the board may
513 appoint a director either:
- 514 ◇ to fill a vacancy; or
- 515 ◇ as an additional director.
- 516 17.5 Directors appointed by the board must stand down at the end of the next annual
517 general meeting. The members may reappoint them, at that annual general meeting.
- 518 17.6 The society will hold a special general meeting within six months after the society is
519 formed. The directors appointed by the subscribers to these rules (see rule 17.1)
520 must stand down at the end of that special general meeting. The members may
521 reappoint them, at that special general meeting. (This rule does not apply to the
522 society where the society is adopting these rules in substitution for an earlier set of
523 rules).
- 524 17.7 The members may increase the minimum number of directors (by changing rule 17.3,
525 but any such increase would only take effect once an appropriate rule amendment
526 had been registered by the Financial Services Authority).
- 527 17.8 Directors do not have to be members of the society. Directors may be members of
528 the society. Directors must be individuals
- 529 17.9 A director, chief executive or secretary cannot be appointed if they are (and must
530 stand down if they become):
- 531 ◇ bankrupt; or
- 532 ◇ convicted of an offence of dishonesty; or
- 533 ◇ convicted of another offence (which, in the board’s opinion, makes them
534 unsuitable to hold office); or
- 535 ◇ disqualified from acting as a director (under the Company Directors
536 Disqualification Act 1986); or
- 537
- 538 ◇ unable to conduct regulated activities on behalf of another organisation
539 because the Financial Services Authority (FSA) withdraws their approval
540 (under the Financial Services and Markets Act 2000 (FSMA)); or
- 541 ◇ unable to conduct regulated activities because the FSA makes a prohibition
542 order against them (under FSMA); or

543 ◇ (in the board's opinion) physically or mentally unable to carry out their duties
544 properly.

545 17.10 Directors must stand down if:

546 ◇ without good reason and without the board's permission they fail to attend
547 three board meetings in a row;

548 ◇ the board resolves that they should be removed.

549 17.11 The society can pay its directors, but only if the members approve the basis for the
550 payments.

551 17.12 The responsibilities and functions of the board include those of a "committee of
552 management", as described in the FSA Handbook, and the "society's committee" as
553 described in the Industrial and Provident Societies Act 1965.

554 **18 The Manager**

555 18.1 The Manager (if any) appointed by the Board in accordance with Rule 17.2:

556 18.1.1 shall subject to the terms of his appointment be responsible for the day to day management of
557 the Society;

558 18.1.2 shall attend meetings of the Board for the sole purpose of accounting to the Board or shall
559 supply reports to the Board for the same purpose;

560 18.1.3 shall have any other powers delegated to her or him by the Board.

561 18.2 The Manager's remuneration shall be determined by the Board from time to time in agreement
562 with the Manager and shall be subject to the terms of any existing contractual agreement with
563 the Manager.

564

565 **19 Retirement by rotation**

566 19.1 At least one third of the directors appointed by the members must stand down (as well
567 as any directors who must stand down under rule 17.5), at each annual general
568 meeting. The members may reappoint them, at that annual general meeting. If any
569 director is not reappointed, they will stand down at the end of the annual general
570 meeting.

571 19.2 The directors who stand down, at an annual general meeting, will be those directors
572 who have held office for the longest time (since their appointment, or last
573 reappointment). The chair may decide, by drawing lots, who is to be treated as in
574 office for the longest time, if more than one director was appointed or reappointed on
575 the same day.

576 **20 The secretary**

577 20.1 The board appoints the secretary. The secretary may be a director.

578 20.2 The board may remove the secretary.

579 20.3 The secretary is responsible for preparing and sending all returns to be made to the
580 Financial Services Authority.

581 **21 Co-opted committee members**

582 21.1 The board may co-opt committee members.

583 21.2 The committee members co-opted by the board:

- 584 ◇ need not be members of the society (but the board may require that they be
585 members of the society);
- 586 ◇ may attend board meetings (unless the board decide that they may not);
- 587 ◇ may speak at board meetings (unless the board decide that they may not);
- 588 ◇ may not vote at board meetings;
- 589 ◇ must stand down at the next annual general meeting (but the board may
590 reappoint them).

591 **22 Board meetings**

592 22.1 Two directors are a quorum for board meetings (unless the directors decide on a
593 higher number).

594 22.2 Any director may request the secretary to call a board meeting.

595 22.3 The secretary must call a board meeting on request from a director.

596 **23 Decisions of the board**

597 23.1 The board may make decisions by a majority vote. The chair has a casting vote if
598 votes are equal.

599 23.2 The board may appoint any director to chair board meetings generally, or to chair a
600 particular board meeting.

601 23.3 The board may make any decision by signing a written resolution, rather than at a
602 board meeting. All directors must sign the resolution for it to be effective.

603 23.4 This rule 22.4 applies to rules 22.3. The directors need sign only a copy of the text of
604 the resolution. They do not each have to sign the same piece of paper.

605 **24 Directors' interests**

606 24.1 Directors must disclose – to the full board – any material interest they may have in
607 any matter being considered by the board. The director may not then:

- 608 ◇ be treated as part of the quorum of the meeting discussing that matter; or
- 609 ◇ vote on that matter.

610 24.2 Directors may disclose their interest by a general notice giving details of their interest
611 in transactions of a particular nature, or with a particular person.

612 24.3 For the purposes of rule 23.1, a director need not disclose an interest:

- 613 ◇ that does not conflict with the interests of the society; or

614 ◇ that arises out of the director's membership (or proposed membership) of the
615 society; or

616 ◇ which – for good reasons – the director does not know about.

617 24.4 For the purposes of rule 23.1, a director must disclose an interest:

618 ◇ even if it is an indirect interest; or

619 ◇ of a person 'connected' with him (see rule 37.2).

620 24.5 Before any meeting of the board, the chair may decide whether a director (other than
621 himself) has a material interest in the matter to be discussed. The chair's ruling is
622 final.

623 24.6 A director who complies with rule 23.1 will not be treated as in breach of any duty of
624 good faith to the society, to the extent that they have made a fair disclosure of their
625 interest.

626 **25 Indemnity for directors**

627 25.1 The society may maintain insurance for the benefit of its directors, secretary, auditors
628 and other officers, against liabilities they may incur:

629 ◇ in the performance of their duties; or

630 ◇ in defending themselves (successfully) against any proceedings (criminal or
631 civil) for breach of duty.

632 25.2 The society will indemnify its directors, secretary, auditors and other officers against:

633 ◇ any liability they may incur in the performance of their duties; and

634 ◇ in defending themselves (successfully) against any proceedings (criminal or
635 civil) for breach of duty.

636 **26 Audit and accounts**

637 26.1 Every year and within the period prescribed by statute, the secretary shall send to the
638 Financial Services Authority the annual return, in the form prescribed by the Authority,
639 relating to its affairs for the period required under the Industrial and Provident
640 Societies Act 1965 to be included in the return together with:

641 25.1.1 a copy of the report by the auditor on the society's accounts for the period
642 included in the return or with a copy of such other report (if any) as is required by
643 statute for such period; and

644 25.1.2 a copy of each balance sheet made during that period and of the report (if
645 any) of the auditor or other appropriate person on that balance sheet as required by
646 statute.

647 26.2 The members shall vote annually, as allowed by the Deregulation (Industrial and
648 Provident Societies) Order 1996, at the Annual General Meeting, to have, when
649 necessary in law, or where the membership require, an audit carried out by a
650 registered auditor, or unaudited accounts, where the conditions for such prevail.

- 651 26.3 If a full audit or a report is required, a person who is a qualified auditor under section
652 7 of the Friendly and Industrial and Provident Societies Act 1968 shall be appointed.
- 653 26.4 The qualified or lay auditors, if so appointed, shall not be officers or servants of the
654 society and nor shall they be partners of, or in the employment of, or employ, an
655 officer or servant of the society.
- 656 26.5 Lay auditors shall be chosen by the board from the general membership and/or
657 others.
- 658 26.6 If the membership vote for unaudited accounts, the society's Income/Expenditure
659 Ledger shall be scrutinised by the secretary and board members only and signed, as
660 a true record, by the secretary and two board members or such other number as may
661 be required by legislation. An Income/Expenditure report will be prepared to present
662 to the society's members at each Annual General Meeting.
- 663 26.7 The directors must appoint an auditor within three months after the society is formed.
- 664 26.8 The directors may appoint an auditor if, for any reason, there is no auditor.
- 665 26.9 The auditor may not be a person whom s8 of the Friendly and Industrial and
666 Provident Societies Act 1968 prevents from being appointed as an auditor.
- 667 26.10 The auditor may be removed by the procedure in s6 of the Friendly and Industrial and
668 Provident Societies Act 1968.

669 **27 The seal of the society**

- 670 27.1 If the society has a seal with the society's name on it then...
- 671 27.1.1 The secretary of the society keeps the seal.
- 672 27.1.2 The society needs the authority of a board resolution to use the seal.
- 673 27.1.3 When the society seals a document, the seal must be countersigned by
674 either:
- 675 ◇ a director and the secretary of the society; or
- 676 two directors of the society.

677

678 **D Meetings of members**

679 **28 The annual general meeting**

- 680 28.1 The society will hold an annual general meeting of its members in each calendar year.
681 The society will hold each annual general meeting 12 months after the previous one,
682 but this need not be on the anniversary of the previous meeting but must be held
683 within three months before or after that anniversary. The directors will call the annual
684 general meeting.
- 685 28.2 The society will hold its first annual general meeting within 15 months after the society
686 is formed (but it need not be in the calendar year in which the society is formed). (This

687 rule does not apply to the society where the society is adopting these rules in
688 substitution for an earlier set of rules).

689 28.3 The society will give members (and its auditors) at least 21 clear days' notice of the
690 annual general meeting.

691 28.4 The business for the annual general meeting is:

692 ◇ approval of the minutes of the last annual general meeting (and any more
693 recent special general meeting);

694 ◇ the directors' report;

695 ◇ approval of the accounts and auditor's report;

696 ◇ appointment of auditors;

697 ◇ election of directors;

698 ◇ any other business.

699 **29 Special general meetings**

700 29.1 A special general meeting is any general meeting of members, which is not an annual
701 general meeting.

702 29.2 The directors may decide to call a special general meeting.

703 29.3 The society will give members (and its auditors) at least 21 clear days notice in writing
704 of a special general meeting. The only business the society can do at that meeting is
705 that which is identified in the notice.

706 29.4 The directors must call a special general meeting:

707 ◇ if the greater of five of the society's members or 10% of the society's
708 membership sign written requests for a special general meeting;

709 ◇ to be held within six weeks after they receive the requests.

710

711 **30 Procedure at general meetings**

712 30.1 The quorum for a general meeting is:

713 ◇ two members; or

714 ◇ (if the society has more than 20 members) 10% of the society's members.

715 30.2 If there is no quorum when the meeting is due to start, the chair will wait for 30
716 minutes.

717 30.3 If there is no quorum after the chair has waited for 30 minutes, the chair must adjourn
718 the meeting. The chair must also adjourn the meeting if the number of members
719 present becomes fewer than the quorum. The directors will decide where and when
720 the society will hold the adjourned meeting.

- 721 30.4 The chair may adjourn a meeting when a quorum is present. But the meeting must
722 agree to the adjournment. The chair must adjourn the meeting if the members call for
723 an adjournment.
- 724 30.5 If a meeting is adjourned for more than 14 days, the society will give members at least
725 7 clear days notice of the adjourned meeting.
- 726 30.6 The chair of the board, if present, will chair the general meeting. Otherwise, the
727 directors at the meeting will choose a director present to chair that meeting. If only
728 one director is at the meeting, they will chair it. If there is no director at the meeting,
729 the members must choose a member present at the meeting to chair it.
- 730 30.7 Any director may attend and speak at general meetings.
- 731 30.8 Members may appoint a proxy to represent them at any general meeting. The society
732 will send the member a suitable form with the formal notice of the meeting. The proxy
733 may vote in the member's place on the member's instructions.

734

735 **31 Voting at general meetings**

- 736 31.1 All members have one vote regardless of how many shares they hold.
- 737 31.2 All votes will be on a show of hands unless:
- 738 ◇ two members; or
- 739 ◇ the chair
- 740 call for a ballot. They may call for a ballot before a vote on a show of hands, or after
741 the vote. If members call for a ballot, they can – if the chair agrees – withdraw the
742 call before the ballot is held. If no ballot is held, the decision on the show of hands is
743 valid.
- 744 31.3 The chair will decide the procedure for the ballot.
- 745 31.4 The chair has a casting vote if votes are equal. The chair may also vote as a member
746 (if they are a member).
- 747 31.5 The directors may decide to call a postal ballot. They cannot use a postal ballot to let
748 members vote:
- 749 31.5.1 on anything that – by statute – must be passed at a meeting of the Society; or
- 750 31.5.2 to appoint or reappoint auditors; or
- 751 31.5.3 to remove auditors.
- 752 31.6 The chair will decide the procedure for the postal ballot, but the ballot must be held
753 within 30 days of the date on which the directors decide to call it.

754 31.7 If the postal ballot is on a particular resolution passed by members at a meeting, the
755 directors have 30 days from the date of the meeting to decide whether to call a postal
756 ballot. If the directors fail to decide to call a postal ballot within those 30 days, they
757 lose the right to call a postal ballot.

758 If the postal ballot is on a particular resolution passed by members at a meeting, the
759 operation of the resolution is suspended until the decision of the postal ballot.

760 **E The constitution of the society**

761 **32 Changes to the rules**

762 32.1 The society may change its rules:

763 ◇ with the approval of a resolution passed by a 75% majority (or a simple
764 majority, to change the society's name) of members voting at a general
765 meeting; and

766 ◇ subject to registration of the amendments by the Financial Services Authority.

767 32.2 The chair has no casting vote on resolutions that need a 75% majority.

768 32.3 A resolution to alter or amend rule 2 (the society's objects), rule 15 (interest on
769 shares), rule 14 (conversion of the society), rule 32 (winding up) and this rule shall not
770 be passed if 10% or more of members present or represented at a general meeting
771 and who vote on the resolution vote against it.

772 **33 Winding up the society**

773 33.1 The society may be wound up in accordance with the provisions of s55 of the
774 Industrial and Provident Societies Act 1965.

775 33.2 If the society is wound up, members may not withdraw any of their shares until all the
776 society's liabilities are paid (or provided for) in full.

777 33.3 If the society is wound up, the society will use the funds available (after all liabilities
778 are paid - or provided for - in full) to pay to members any money due to them on the
779 withdrawal of their shares.

780 33.4 Supposing the society is wound up with insufficient funds to pay, in full, all money due
781 to all shareholders (for the withdrawal of their shares). The society will then pay
782 members a dividend of less than 100 pence for every pound due to them (for the
783 withdrawal of all of their shares). The society will pay the same rate of dividend to all
784 shareholders. (Where there are "special purpose" shareholders in addition to "general
785 purpose" shareholders, under rules 16.5 and 16.6 the dividend for "special purpose"
786 shareholders will be calculated separately and will be the same for all "special
787 purpose" shareholders).

788 33.5 There may be a surplus if the society is wound up with enough funds to pay, in full, all
789 money due to members, for the withdrawal of all their shares. Then:

790 33.5.1 members will not, under any circumstances, have any right to any payment
791 out of the surplus.

792 33.5.2 the society will pay the surplus to another organisation with similar purposes
793 to the society's (and whose members will have no right to any surplus on its
794 winding up or conversion), or to a charity. The directors will choose the
795 organisation or charity.

796 **32A Restriction on use**

797 32A.1 Pursuant to regulations made under section 1 of the Co-operatives and Community
798 Benefit Societies Act 2003:

799 32A.1.1 All of the society's assets are subject to a restriction on their use.
800

801 32A.1.2 The society must not use or deal with its assets except—

802 32A.1.2.1 where the use or dealing is, directly or indirectly, for a purpose that is for
803 the benefit of the community;

804 32A.1.2.2 to pay a member of the society the value of his withdrawable share
805 capital or interest on such capital;

806 32A.1.2.3 to make a payment pursuant to section 24 (proceedings on death of
807 nominator), 25 (provision for intestacy) or 26 (payments in respect of
808 mentally incapable persons) of the Industrial and Provident Societies Act
809 1965;

810 32A.1.2.4 to make a payment in accordance with the rules of the society to trustees
811 of the property of bankrupt members or, in Scotland, members whose
812 estate has been sequestrated;

813 32A.1.2.5 where the society is to be dissolved or wound up, to pay its creditors; or

814 32A.1.2.6 to transfer its assets to one or more of the following—

815 32A.1.2.6.1 a prescribed community benefit society whose assets have
816 been made subject to a restriction on use and which will
817 apply that restriction to any assets so transferred;

818 32A.1.2.6.2 a community interest company;

819 32A.1.2.6.3 a registered social landlord which has a restriction on the use
820 of its assets which is equivalent to a restriction on use and
821 which will apply that restriction to any assets so transferred;

822 32A.1.2.6.4 a charity (including a community benefit society that is a
823 charity); or

824 32A.1.2.6.5 a body, established in Northern Ireland or a State other than
825 the United Kingdom, that is equivalent to any of those
826 persons.

827 32A.1.3 Any expression used in this rule which is defined for the purposes of regulations
828 made under section 1 of the 2003 Act shall have the meaning given by those
829 regulations.

830 **34 Powers**

831 34.1 To carry out the society's objects, the society may:

832 34.1.1 acquire assets and property which, in the directors' opinion, may benefit the
833 society's objects;

834 34.1.2 set up subsidiary companies, societies and other organisations;

835 34.1.3 take and hold shares, memberships, stock, debentures and other interests in
836 other companies, societies and other organisations for the society and others;

837 34.1.4 buy, lease, hire, rent and own any real or personal property (tangible and
838 intangible) of any description which, in the directors' opinion, is appropriate
839 for the needs of the society's objects;

840 34.1.5 make arrangements with any government or authority (local, municipal,
841 national or international) that, in the directors' opinion, is appropriate for the
842 society's objects;

843 34.1.6 invest the society's funds in such property and investments as the directors
844 may consider appropriate, and subject to any applicable legal restrictions;

845 34.1.7 carry on any other activity which, in the directors' opinion, may benefit the
846 society's objects;

847 34.1.8 lend, deposit and advance money and give credit or procure others to do the
848 same to or with partnerships, companies other businesses, undertakings and
849 concerns of all kinds;

850 34.1.9 act as agent;

851 34.1.10 act as trustee;

852 34.1.11 give or procure guarantees and indemnities for the payment of money or for
853 the performance of obligations by any person (even where the society
854 receives no direct or indirect financial benefit);

855 34.1.12 make or procure grants, gifts, donations and investments of a social nature;

856 34.1.13 take mortgages, charges, liens and other security to secure obligations of
857 others to the society;

858 34.1.14 borrow money and accept credit and grant mortgages, charges, liens and
859 other security to secure the society's obligations, but

860 34.1.14.1 the society may not carry on a deposit taking business (within the
861 meaning of the Banking Act 1987; and

862 34.1.14.2 where:

863 33.1.14.2.1 the loan is unsecured, and

864 33.1.14.2.2 the lender is not itself authorised under the Banking
865 Act 1987,
866

867 34.1.14.3 the society will not pay a rate of interest that is higher than the
868 society needs to fund its activities; in setting the rate, the
869 directors will take particular account of the society's intention to
870 provide an opportunity for other public-spirited people and
871 organisations to contribute financially to the community, with the
872 expectation of a social dividend, rather than personal financial
873 reward;

874 34.1.15 provide and procure services such as giving advice in relation to financial
875 and non-financial facilities for people, undertakings and businesses of all
876 kinds;

877 34.1.16 create, make, draw, accept, endorse, execute, issue, discount, buy, sell,
878 negotiate and deal in bills, notes, bills of lading, warrants, coupons,
879 debentures and other negotiable or transferable instruments;

880 34.1.17 do such other things that the directors regard as incidental or conducive to
881 the pursuit of the society's objects and the exercise of the society's express
882 and implied powers.

883 34.2 Registration of a society or its rules under the Industrial and Provident Societies Act
884 1965 does not give any permission for a society to carry on financial services as
885 regulated by the Financial Services and Markets Act 2000 ("FSMA"). Any society
886 which wishes to carry on such activities must seek advice and make an authorisation
887 application to the FSA under Part IV of FSMA. Carrying on such activities without
888 authorisation from the FSA under FSMA may lead to prosecution.

889 34.3 The society's borrowing limit is £10,000,000.

890 34.4 Rules 2 and 33 should be interpreted in the broadest way possible and not to limit or
891 restrict the society's objects. Each object should be read as an independent main
892 object.

893 **35 Registered Office**

894 35.1 The society's registered office is the address given – for that purpose – to the
895 Financial Services Authority.

896 35.2 The society's directors may change the address of the registered office. Any change
897 to the address of the registered office must be registered by the Financial Services
898 Authority.

899 **36 The Euro**

900 36.1 This rule 35 applies if a currency, other than sterling, becomes legal currency in
901 England and Wales. In this rule 35, that currency is called the Euro.

902 36.2 The directors may make regulations to allow the society to issue shares denominated
903 in the Euro (and convert shares then in issue into shares denominated in the Euro).
904 Those regulations may:

905 36.2.1 allow the issue of shares, with rights similar to shares then in issue, with such
906 value as the board thinks appropriate;

907 36.2.2 deal with the conversion of shares then in issue into their Euro denominated
908 equivalents;

909 36.2.3 deal with the conversion of Euro denominated shares into shares equivalent
910 to those then in issue.

911 **37 Notices**

912 37.1 **Notices by post**

913 37.1.1 The society may post formal notices to members at the address recorded in the
914 society's register of members.

915 37.1.2 The society may assume – for all purposes – that members receive formal
916 notices two working days after the society posts them.

917 37.2 **Notices by email**

918 37.2.1 The society may send formal notices to members by email, but only if:

919 37.2.1.1 the society has a current consent, from that member, to receive
920 notices by email: and

921 37.2.1.2 that member has provided an email address for the purpose.

922 37.2.2 The society may assume- for all purposes- that members receive formal
923 notices one working day after the society posts them, but only if:

924 37.2.2.1 the society keeps a copy of the email which shows:

925 36.2.2.1.1 all documents attached to the email; and

926 36.2.2.1.2 the time and date the society sent the email; and

927 36.2.2.1.3 the email address to which the email was sent; and

928 37.2.2.2 the society does not receive a response to suggest that the member's
929 email address was no longer current.

930 37.3 **Notices on websites**

931 37.3.1 The society may send formal notices to members by posting them on a
932 website, but only if:

933 37.3.1.1 the society has a current consent from that member to receive notices
934 by posting them on a website; and

935 37.3.1.2 the society sends that member a notice to tell them:

936 36.3.1.2.1 that the document is available on the website; and

937 36.3.1.2.2 the address of the website; and

938 36.3.1.2.3 any password they may need to view the document or
939 download it; and

940 36.3.1.2.4 they may request a paper copy of the document - at no
941 extra charge - with details how to do that; and

942 37.3.1.3 the society keeps the document available on the website for three
943 months or longer (from any date the society sends the notice).

944

945 37.3.2 The society may assume - for all purposes - that members receive formal
946 documents:

947 37.3.2.1 one working day after they receive the notice about how to view or
948 download them on the website; or, if later

949 37.3.2.2 one working day after the society first posts the document on the
950 website.

951 37.4 Definitions

952 37.4.1 'Formal notices' and 'notices' are phrases used interchangeably in this rule 36
953 to refer to all documents and notices a society may send to its members where
954 there is a legal or regulatory requirement to do so.

955 37.4.2 This rule 36 does not allow the society to deliver a document by post, email or
956 website where the law requires the delivery to be by other means.

957 37.4.3 In this rule 36, Saturday, Sunday and public holidays are not working days.

958 37.4.4 The references to emails and websites are intended to include other electronic
959 communication methods adopted after the society adopts these rules.

960 38 What words mean – definitions

961 38.1 In rules 14.2 and 14.3, the word 'contract' includes a declaration of trust and a deed.

962 38.2 In rule 23.4, the word 'connected' is used in the same sense in which it is used in
963 s346 Companies Act 1985.

964 38.3 In rule 24.2, the phrase 'breach of duty' includes (for example), negligence, default,
965 breach of trust or misfeasance.

966 38.4 In rule 32.2, the expression 'if the society is wound up' is used to mean 'from the
967 commencement of the winding up'. The phrase 'commencement of the winding up' is
968 used in the same sense as it is used in the Insolvency Act 1986.

969 38.5 In rules 15.8.2, the word 'officers' includes the society's directors and secretary.

970 38.6 The age restrictions in rule 12 apply to members only if they are individuals.

971 38.7 In rule 14.3, the appointment of the society's secretary as the members' attorney is an
972 appointment of the person from time to time holding that office.

973 38.8 References to (any provision of) an Act of Parliament are treated as referring to:

974 38.8.1 it as amended (whether before today or later) and

975 38.8.2 any provision which replaces it (unchanged or amended) after today.

976 38.9 Any reference these rules make to the Financial Services Authority, FSA, includes
977 reference to the statutory successor carrying on the relevant function.

978

979 **F Rules to support on-lending activities**

980 **38 Money Laundering**

981 38.1 The society will appoint a Money Laundering Reporting Officer (MLRO). The functions
982 of the MLRO will be:

983

984 38.1.1 to establish and maintain procedures to prevent money laundering;

985

986 38.1.2 to establish and maintain awareness among the society's staff of the
987 procedures to prevent money laundering, including the provision of training;

988

989 38.1.3 receiving internal money laundering reports on suspicious activity;

990

991 38.1.4 making external reports to Serious Organised Crime Agency (SOCA) if it is
992 considered that the suspicion is justified.

993

994 **39 Systems and Controls**

995

996 39.1 The society will maintain systems and controls which would satisfy the FSA Handbook
997 (chapter 3 of Systems and Controls SYSC) for the nature, scale and complexity of its
998 business.

999

1000 **40 Business Principles**

1001

1002 40.1 The society will apply the following principles in the pursuit of its objects:

1003

1004 40.1.1 It will conduct its business with integrity.

1005

1006 40.1.2 It will conduct its business with due skill, care and diligence.

1007

1008 40.1.3 It will take reasonable care to organise and control its affairs responsibly and
1009 effectively, with adequate risk management systems.

1010

1011 40.1.4 It will maintain adequate financial resources.

1012

1013 40.1.5 It will pay due regard to the interests of its customers and treat them fairly.

1014

1015 **41 Fidelity Insurance**

1016

1017 41.1 The society may insure against any description of loss suffered or liability incurred from
1018 fraud or other dishonesty of any of its officers or employees.

1019

1020 **42 Accounts**

1021

1022 42.1 The society will provide a copy of its audited accounts to members. The accounts will
1023 be accompanied by the board's assessment of the society's performance and
1024 prospects.

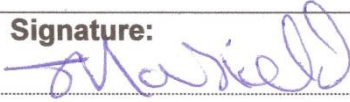
1025

1026

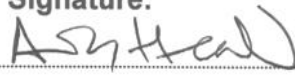
1027 To be completed by three founder members and secretary (who may also be a founder member)

1028 We apply for registration of **Generation Community Limited**

1029

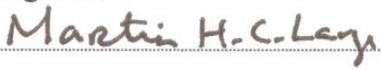
Name James Mansfield	Signature: 
Address 7 Horns Rd, Stroud, Glos, GL51EB	
	Date: 17/07/2012

1030

Name Andrew Heald	Signature: 
Address 2 Hope Terrace, Cornwall, TR7 1NN	
	Date: 17/07/2012

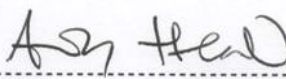
1031

1032

Name Martin Large	Signature: 
Address 4 Rodborough avenue, Stroud, Glos, GL5 3RS	
	Date: 17 July 2012

1033

1034

for GENERation Community Limited (applying for registration under the Industrial and Provident Societies Act 1965)	
Name Andrew Heald	Signature: 
2 Hope Terrace, Cornwall, TR71NN	Date: 17/07/2012 Secretary

1035

1036