Co-operative and Community Benefit Societies Act 2014

Rules of

…….

NAME

1. The name of the society shall be …….. Limited.

REGISTERED OFFICE

2. The registered office of the society shall be at……..

INTERPRETATIONS

3. In these rules:

"Address" means a postal address or, for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages;

"the Act" refers to the Co-operative and Community Benefit Societies Act 2014 or any Act or Acts amending or in substitution of it or them for the time being in force;

"Auditor" means a person eligible for appointment as a company Auditor under Part 42 of the Companies Act 2006;

"The Board of Directors" or "Board" means all those persons appointed to perform the duties of Directors of the society;

"Board Meeting" includes, except where inconsistent with any legal obligation a physical meeting, a meeting held by electronic means and a meeting held by telephone;

"Clear Days" in relation to the period of notice does not include the day on which the meeting is to be held and the day on which the notice is handed to someone or left at their address, or the day on which it is sent, is in the process of being sent and is assumed to be delivered;

"Co-operative" means the above-named society;

"Co-operative Principles" are the principles defined in the International Co-operative Alliance Statement of Co-operative Identity. The principles are those of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community;

"Director" means a director of the Co-operative and includes any person occupying the position of director, by whatever name called;

“Document” includes, unless otherwise stated, any document sent or supplied in electronic form;

"Electronic Means" shall include, for example, email, video links and secure authenticated website transactions;

“Extraordinary Resolution” means, unless the context requires otherwise, those decisions requiring an Extraordinary Resolution as detailed under ‘Resolutions’ in these rules;

"Employee" means anyone over the age of 16 holding a contract of employment with the Co-operative to perform at least eight hours of work per week for the Co-operative;

"Founder Member" means a subscriber to these rules for the purposes of registration;

"Member" has the meaning as detailed under ‘Membership’ in these rules;

“Officer” has the meaning as detailed under ‘Officers’ in these rules;

"Registrar" means the Financial Conduct Authority (FCA) or any body that succeeds its function;

“Regulations” has the meaning as detailed under ‘Regulations’ in these rules;

"Rules" means these Rules;

"Secretary" means any person appointed to perform the duties of the Secretary of the Co-operative;

"Transferable" means shares that are transferable to another Person who also qualifies for membership of the Co-operative in accordance with these Rules;

"Withdrawable" means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Co-operative;

"Writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied by Electronic Means or otherwise.

Purpose

4. The purpose of the Co-operative is to carry out its function as a co-operative and to abide by the internationally recognised co-operative values and principles of co-operative identity as defined by the International Co-operative Alliance. This rule may only be amended by an Extraordinary Resolution.

INSERTION

OBJECTS

The Rules of all co-operative societies must include an objects provision. Please insert a description of the Co-operative's activities after the text below:

5. The objects of the Co-operative shall be to carry on the business as a co-operative and to carry on any other trade, business or service and in particular to…..

POWERS

6. The Co-operative may do all such lawful things as may further the Co-operative's objects and, in particular, may borrow or raise funds for any purpose and on behalf of its Members.

BORROWING

7. The Co-operative shall have the power to borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000.

8. The Co-operative shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Co-operative, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Co-operative or its customers or Persons or corporations having dealings with the Co-operative.

9. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed 5% per annum or 2% above the Bank of England base rate at the commencement of the loan, whichever is the greater.

10. The Co-operative may receive from any Person, donations or loans free of interest in order to further its objects but shall not receive money on deposit.

Borrowing from Members

11. In accordance with the Co-operative Principle of member economic participation the interest paid by the Co-operative on money borrowed from Members shall not exceed such rate as is necessary to attract and retain the capital required to further the Co-operative’s objects and purpose.

FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY

12. For the avoidance of doubt the Co-operative shall not engage in any activity by virtue of any of these Rules that would require a permission from the Registrar to carry on that activity without first having applied for and obtained such permission.

INVESTMENT OF FUNDS

13. The Co-operative may invest any part of its funds in the manner set out in Section 27 of the Act.

MEMBERS

14. The first Members of the Co-operative will be the Founder Members. Only Employees may be Members of the Co-operative.

15. All Employees of the Co-operative may be admitted to membership of the Co-operative, except that the Co-operative in a general meeting may by a majority vote decide to exclude from membership:

    (a) Newly appointed Employees during such reasonable probationary period as may be specified in their terms and conditions of employment;

    (b) Employees working less than a prescribed number of hours per week (or per month);

    provided that any such criteria for exclusion is applied equally to all Employees.

16. In accordance with the Co-operative Principle of voluntary and open membership, whilst the Co-operative shall undertake to encourage its Employees to become Members, membership must be voluntary and as a result cannot be a condition of employment.

Applications for Membership

17. No person shall be admitted into membership of the Co-operative unless that person has attained the age of 16, supports the aims of the Co-operative and has completed an application for membership which includes an application for at least one share in the Co-operative. Such an application form must be approved by the Directors and the Directors must approve each application for membership.

Member Commitment

18. All Members agree to attend general meetings and take an active interest in the operation and development of the Co-operative and its business. Members have a duty to respect the confidential nature of the business decisions of the Co-operative.

19. In accordance with the Co-operative Principle of education, training and information, the Co-operative shall provide potential Members with information about what the role of a Member is within the Co-operative and will provide training in the skills required to be a Member and to participate in the operation of the Co-operative.

20. The Co-operative shall provide ongoing education and training in co-operative values and principles and associated topics. The Co-operative shall support its Members by ensuring that general meetings are accessible and encourage participation.

Termination of Membership

21. A Member shall cease to be a Member of the Co-operative immediately that s/he:

    (a) Ceases to be in the employment of the Co-operative; or

    (b) Fails to hold the minimum shareholding; or

    (c) Resigns in Writing to the Secretary; or

    (d) Is expelled from membership in accordance with these Rules; or

    (e) Dies.

Expulsion from Membership

22. A Member may be expelled for conduct prejudicial to the Co-operative by an Extraordinary Resolution, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the Member whose expulsion is to be considered shall be given the opportunity to make representations to the meeting or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Co-operative) has been allowed to make representations to the general meeting.

23. If on due notice having been served the Member fails to attend the meeting the meeting may proceed in the Member's absence.

    (a) An expelled Member shall be paid the nominal value of shares held by them at the time of expulsion;

    (b) No Member expelled from membership shall be re-admitted except by an Extraordinary Resolution.

PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

24. Upon a claim being made by the personal representative of a deceased Member; or the trustee in bankruptcy of a Member who is bankrupt the Co-operative shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled or as the personal representative or trustee in bankruptcy may direct them.

25. A Member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Co-operative at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a Member who has made a nomination the Co-operative shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the individual or individuals entitled thereunder.

Share Capital

OPTION 1:

Members hold one nominal share only

26. The shares of the Co-operative shall be of the nominal value of £1 issued to persons upon admission to membership of the Co-operative. The shares shall be fully paid prior to issue, neither Transferable nor Withdrawable, shall carry no right to interest, dividend or bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause, and the amount paid up on such cancelled shares shall become the property of the Co-operative. Each Member shall hold one share only in the Co-operative.

OPTION 2:

Members hold more than one share

27. The shares of the Co-operative shall be of the nominal value of £1. The minimum shareholding required of a Member shall be defined as such number of fully paid shares as the Board may determine subject to the Act, or as may be required by a particular offer of shares, or, failing such determination or requirement, shall be one share.

28. A Member may apply for shares in tranches of shares which are smaller in number than the minimum shareholding, provided that any Member who does not achieve the minimum shareholding within 12 months of their first payment may, at the discretion of the Board, cease to be a Member. Any person ceasing to be a Member under this rule shall have the value of their shares as at the date on which they ceased to be a Member returned to them and the relevant shares shall be cancelled.

29. Application for shares shall be made to the Board of the Co-operative who shall allot to Members, upon their admission, the share or shares for which they have applied provided that the total number of shares allotted to any Member shall not exceed the maximum shareholding permitted by law. Shares shall be paid for in full on allotment.

30. If a Member who is required to withdraw from membership under these Rules is unable to transfer their shares and the right to withdraw shares has been suspended, then the nominal value of their share capital shall be converted into loan stock upon such terms as may be agreed between the Board and the Member, or their personal representative or trustee in bankruptcy, provided that such agreement shall require the repayment of the loan within a period not exceeding three years.

31. Shares shall be withdrawable only in accordance with the provisions of these Rules. Shares shall be non-Transferable except:

    (a) On death or bankruptcy; or

    (b) (in the case of an unincorporated organisation or partnership), on a change of nominee(s) and only to the new nominee(s).

Withdrawal of share capital

32. Shares may be withdrawn by Members upon giving three months' notice to the Co-operative, (though the Board retain sole discretion to return money paid for them), provided that:

    (a) All withdrawals shall be paid in the order in which the notices were received by the Co-operative;

    (b) A Member shall not be entitled to withdraw shares which would leave them with less than the minimum shareholding, unless they intend to terminate their membership of the Co-operative;

    (c) The Board may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;

    (d) The Board may, at their sole discretion, suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and

remain unpaid at the time the Board suspends the right to withdraw. Where the suspension is for a fixed period, such period may be extended from time to time by the Board;

(e) During any period when the right of withdrawal has been suspended under the provision immediately above, the shares of deceased Members may, if the Board agree, be withdrawn by their personal representatives upon giving such notice as the Board may require;

(f) The amount to be paid to a Member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn, except where the shares are subject to a reduction in their value in accordance with the provisions of these Rules;

(g) Interest shall be payable on any share in respect of which a notice of repayment has been given until the date of repayment.

33. Any share withdrawn in accordance with these Rules shall be cancelled.

34. Members may withdraw from the Co-operative by withdrawing all their shares in the Co-operative in accordance with these Rules or, if the right to withdraw has been suspended, by surrendering all their shares to the Co-operative. Upon such surrender the Board may at their discretion pay to the withdrawing Member the amount paid up or credited on the shares surrendered.

35. The Co-operative may deduct such reasonable sum to cover any administrative costs of withdrawal from the monies payable to a Member on the withdrawal of shares in the Co-operative.

Reduction in Share Values

36. If the Co-operative's Auditors (or any independent qualified accountants appointed for this purpose by the Board) certify at any time that the aggregate of the Co-operative's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Board may determine that the amount of this excess, or part of it, shall be apportioned among the Members in proportion to (but not beyond) the amount of the nominal value of the shares paid up and held by each Member. This apportionment shall be based on the value of the shares paid up and held by each Member at the close of business on the date of such determination. The value of shares held by each Member shall be reduced accordingly for the purposes of withdrawal of shares, provided that the value of shares held by any Member shall not be reduced below the minimum shareholding as specified in these Rules.

Lien on Shares and Right of Offset

37. The Co-operative shall have a lien on the shares of a Member for any debt due to it by the Member and may offset any sum standing to the Member's credit with the Co-operative in or towards payment of such debt.

GENERAL MEETINGS

38. The Co-operative shall, within six months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notice calling it.

39. The business of an annual general meeting shall comprise, where appropriate:

    (a) The receipt of the accounts and balance sheet and of the reports of the Board and Auditor (if any);

    (b) The appointment of an Auditor, if required;

    (c) The election of the Board or the results of the election if held previously by ballot;

    (d) The application of profits;

    (e) The transaction of any other business included in the notice convening the meeting.

40. In accordance with the Co-operative Principle of democratic member control, the Co-operative shall ensure that, in addition to the annual general meeting, at least four other general meetings are held annually. The purpose of these meetings is to ensure that Members are given the opportunity to participate in the decision making process of the Co-operative, review the business planning and management processes and to ensure the Co-operative manages itself in accordance with the co-operative values and principles.

Calling a General Meeting

41. The Secretary, at the request of the Board of Directors may convene a general meeting of the Co-operative. The purpose of the general meeting shall be stated in the notice of the meeting.

42. The Board of Directors upon an application signed by one-tenth of the total number of Members, or 100 Members, whichever is the lesser, delivered to the registered office of the Co-operative, shall convene a general meeting. The purpose of the general meeting shall be stated in the application for and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.

43. If within one month from the date of the receipt of the application the Board have not convened a general meeting to be held within six weeks of the application, any three Members of the Co-operative acting on behalf of the signatories to the application may convene a general meeting, and shall be reimbursed by the Co-operative for any costs incurred in convening such a meeting.

Notices

44. The Directors shall call the annual general meeting giving 14 Clear Days' notice to all Members. All other general meetings shall be convened with at least 14 Clear Days' notice but may be held at shorter notice if so agreed in Writing by 90% of the Members.

45. Notices of meetings shall either be given to Members personally or sent to them at their Address or alternatively, if so agreed by the Co-operative in general meeting, notices of general meetings may be displayed conspicuously at the registered office and in all other places of business of the Co-operative to which Members have access. Notices shall specify the date, time and place at which the meeting is to be held, and the business which is to be transacted at that meeting. A general meeting shall not transact any business other than that specified in the notices calling the meeting.

46. A notice sent to a Member's Address shall be deemed to have been duly served 48 hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.

47. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions.

48. If the Co-operative has appointed an Auditor in accordance with these Rules they shall be entitled to attend general meetings of the Co-operative and to receive all notices of and communications relating to any general meeting which any Member of the Co-operative is entitled to receive. The Auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an Auditor.

Quorum

49. No business shall be transacted at a general meeting unless a quorum of Members is present which shall include those Members not present in person. Unless amended by Extraordinary Resolution, a quorum shall be 3 Members or 50% of the membership, whichever is the greater.

Chairing General Meetings

50. The chairperson of the Co-operative shall facilitate general meetings. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Members present shall choose one of their number to be the chairperson for that meeting.

Attendance and Speaking at General Meetings

51. A Member is able to exercise the right to speak at a general meeting and is deemed to be in attendance when that person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a general meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with each other.

52. The chairperson of the meeting may permit other persons who are not Members of the Co-operative to attend and speak at general meetings, without granting any voting rights.

Adjournment

53. If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chairperson must adjourn the meeting. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum.

54. The chairperson of a general meeting may adjourn the meeting whilst a quorum is present if:

    (a) The meeting consents to that adjournment; or

    (b) It appears to the chairperson that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.

55. The chairperson must adjourn the meeting if directed to do so by the meeting.

56. When adjourning a meeting the chairperson must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.

57. If the meeting is adjourned for 14 days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.

58. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

Voting

59. In accordance with the Co-operative Principle of democratic member control, each Member shall have one vote on any question to be decided in general meeting.

60. A resolution put to the vote at a general meeting shall be decided on a show of hands unless a paper ballot is demanded in accordance with these Rules. A declaration by the chairperson that a resolution has on a show of hands been carried or lost with an entry to that effect recorded in the minutes of the general meeting shall be conclusive evidence of the result. Proportions or numbers of votes in favour for or against need not be recorded.

61. In the case of an equality of votes, whether on a show of hands or a poll, the chairperson shall not have a second or casting vote and the resolution shall be deemed to have been lost.

Paper Ballot

62. A paper ballot on a resolution may be demanded before or on the declaration of the result of the show of hands by three Members at a general meeting.

63. If a paper ballot is duly demanded it shall be taken in such a manner as the chairperson directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.

64. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.

Resolutions

65. Decisions at general meetings shall be made by passing resolutions:

    (a) The following decisions must be made by Extraordinary Resolution:

        (i) Decisions to expel Members;

        (ii) Decisions to dispose of assets of the Co-operative equivalent in value to one-third of the Co-operative's last published balance sheet, as detailed in these Rules;

        (iii) Any amendment to the Co-operative's Rules;

        (iv) The decision to wind up the Co-operative.

    (b) Decisions set out in these Rules required to be passed by special resolution must be passed in the way required by the Act. All other decisions shall be made by ordinary resolution.

66. An Extraordinary Resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority (51%) of votes cast.

67. Unless the Act specifically requires a special resolution to be passed at a general meeting, a resolution may be passed as a written resolution. A written resolution may consist of several identical Documents signed by one or more Members.

DIRECTORS

68. The Co-operative shall have a Board of Directors comprising not less than three Directors.

69. The initial Directors of the Co-operative from registration until the first annual general meeting shall be appointed by the Founder Members.

70. Only Members of the Co-operative who are aged 18 years or more may serve on the Board of Directors.

OPTION 1: Elected Board of Directors

71. The Board of Directors shall be elected by and from the Co-operative's Members. The maximum number of Directors serving on the Board shall be determined by a general meeting of the Co-operative from time to time.

Retirement Cycle

72. At the first annual general meeting all Directors shall stand down. At every subsequent annual general meeting one-third of the Board of Directors, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office. The Directors to retire shall be the Directors who have been longest in office since their last election. Where Directors have held office for the same amount of time the Directors to retire shall be decided by lot. A retiring Director shall be eligible for re-election.

Co-option of Directors

73. The Board of Directors may at any time fill a casual vacancy on the Board by co-option. Co-opted individuals must be Members of the Co-operative and will hold office as a Director only until the next annual general meeting.

OPTION 2: Collective Management

74. Subject to those Directors appointed for the purposes of registration, all Members of the Co-operative shall also be Directors. Upon becoming a Member of the Co-operative a person shall be appointed to the Board of Directors and if a person ceases to hold office as a Director they will also cease to be a Member of the Co-operative.

Board Education and Training

75. In accordance with the Co-operative Principle of education, training and information, before accepting a position as Director an individual must agree to undertake training during their first year of office as deemed appropriate by the Co-operative. This training will include information on the roles and responsibilities of being a Director of a society which is also a co-operative.

Powers and Duties of the Board of Directors

76. The business of the Co-operative shall be managed by the Board who may exercise all such powers of the Co-operative as may be exercised and done by the Co-operative and as are not by statute or by these Rules required to be exercised or done by the Co-operative in general meeting.

77. All decisions made by a meeting of the Board of Directors or by any person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director.

78. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Co-operative shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct.

79. Without prejudice to its general powers, the Board may exercise all the powers of the Co-operative to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Co-operative or of any third party.

80. No Regulation made by the Co-operative in general meeting shall invalidate any prior act of the Board which would have been valid had that Regulation not been made.

81. In accordance with the Co-operative Principles of democratic member control and member economic participation, the Board of Directors shall not be entitled to sell or otherwise dispose of assets (in a single transaction or series of transactions) equivalent in value to one-third or more of the total value of the last published balance sheet of the Co-operative without the approval of the Members by Extraordinary Resolution.

82. Any ultra vires action by the Board may be ratified by the Society by a special resolution passed in the way required by s44 of the Act. A separate special resolution must be passed in the same way should the Society wish to relieve a Director from any liability incurred as a result of a breach of duty arising from the Society acting outside its powers.

Delegation

83. Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules to any Person or committee consisting of Members of the Co-operative, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.

84. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.

85. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

Sub-Committees

86. A sub-committee to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Rules which govern the taking of decisions by Directors.

87. The Directors may make Regulations for all or any sub-committees, provided that such Regulations are not inconsistent with these Rules.

88. All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Calling a Meeting of the Board of Directors

89. Any Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must indicate the date, time

and place of the meeting and, if the directors participating in the meeting will not be in the same place, how they will communicate with each other.

Proceedings of a Meeting of the Board of Directors

90. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

91. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

92. Questions arising at any meetings of the Board shall be decided by a majority of votes. In the case of an equality of votes the status quo shall be maintained and the Board of Directors may choose to refer the matter to a general meeting of the Co-operative.

93. A written resolution, circulated to all Directors and signed by a simple majority (51%) of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.

94. The Board of Directors may, at its discretion, invite other persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum.

Quorum

95. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors or 3 Directors, whichever is the greater and shall include those Directors not present in person.

96. If at any time the total number of Directors in office is less than the quorum required, the Directors are unable to take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

Chairing Board Meetings

97. The chairperson shall facilitate meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairperson for that meeting.

Declaration of Interest

98. A Director shall declare an interest in any contract or matter in which s/he has a personal, material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter, provided that nothing shall prevent a Director voting in respect of her/his terms and conditions of employment or any associated matter.

Expenses

99. The Co-operative may pay any reasonable expenses which the Directors properly incur in connection with their attendance at meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Co-operative.

Termination of a Director's Appointment

100. A person ceases to be a Director of the Co-operative as soon as:

(a) That person ceases to be a Member of the Co-operative;

(b) That person resigns from office in Writing to the Secretary of the Co-operative, and such resignation has taken effect in accordance with its terms;

(c) That person is removed from office by an ordinary resolution of the Co-operative in general meeting, the notices for which specified that the question of the Director's removal was to be considered;

(d) That person is prohibited from being a Director by law;

(e) That person is disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);

(f) A bankruptcy order is made against that person;

(g) In the written opinion, given to the Society, of a registered medical practitioner treating that person, s/he has become physically or mentally incapable of acting as a Director and may remain so for more than three months.

OFFICERS

101. The Board shall elect from among their own number a chairperson and Secretary and such other Officers as they may from time to time decide. These Officers shall have such duties and rights as may be bestowed on them by the Board or by law and any Officer appointed may be removed by the Board. A serving Officer who is not re-elected to the Board at the annual general meeting shall nevertheless continue in office until the first Board meeting following the annual general meeting.

DISPUTES

102. In the event of a dispute between the Co-operative or its Board and a Member of the Co-operative or a former Member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK (or any role or body that succeeds to its function). The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the county court (or in Scotland, to the sheriff). Any Person bringing a dispute must, if so required, deposit with the Co-operative a reasonable sum (not exceeding £100) to be determined by the

Board. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

REGULATIONS

103. The Co-operative in a general meeting, or the Board of Directors, may from time to time make, adopt and amend such Regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they think fit for the management, conduct and regulation of the affairs of the Co-operative and the proceedings and powers of the Board of Directors and sub-committees. Such Regulations (if any) shall be made available to all Members. No Regulation shall be made which is inconsistent with these Rules or the Act. All Members of the Co-operative and the Board of Directors shall be bound by such Regulations whether or not they have received a copy of them.

LIABILITY OF MEMBERS

104. The liability of a Member is limited to the amount of their shareholding.

OPTION: ***Choose this option if Members may hold more than one share***

PAYMENT OF INTEREST ON SHARE CAPITAL

105. The Society may pay interest on issued share capital at such rate or rates as determined by the Board from time to time, but not exceeding 5% per annum or 2% above the Bank of England base rate, whichever is the greater.

APPLICATION OF PROFITS

106. Any profits of the Co-operative shall be applied as follows in such proportions and in such manner as may be decided by the Co-operative at the annual general meeting:

(a) To a general reserve for the continuation and development of the Co-operative;

(b) To paying dividends to Members, either equally or in accordance with some other equitable formula which recognises the relative contribution made by each Member to the business of the Co-operative;

(c) To making payment for social, co-operative or community purposes within the community served by the Co-operative.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION

107. The Society may, by special resolution passed in the way required by section 111 of the Act, amalgamate with, or transfer its engagements to another registered society subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by virtue of these Rules. The Society may also accept a transfer of engagements and assets by a resolution of the Board or by general meeting..

108. The Society may, by a special resolution passed in a way required by section 113 of the Act, amalgamate with, or transfer its engagements to, or convert to a company,

subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by virtue of these Rules.

(a) The Co-operative shall give to Members not less than two months' notice of the meeting;

(b) Notice of the meeting shall be posted in a prominent place at the registered office and at all trading premises of the Co-operative to which Members have access;

(c) The notice shall be accompanied by a separate statement setting out for Members:

(i) the reasons for the proposal;

(ii) whether the proposal has the support of the Board of the Co-operative;

(iii) what alternative proposals have been considered, and whether they are viable;

(iv) details of the number of shares in the Co-operative held by Members of the Board, and Persons connected with them;

(v) a recommendation by reputable independent financial advisors that the Members should support the proposal rather than any alternative proposal.

(d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where Members can obtain a copy of the Document.

DISSOLUTION

109. The Society may be dissolved:

(a) in accordance with section 119 of the Act by an instrument of dissolution;

(b) in accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the Insolvency Act 1986; or

(c) in accordance with section 125 of the Act, after administration and an administrator issues a notice to dissolve the Society without prior winding-up.

OPTION 1: Common Ownership

110. The Co-operative is a common ownership enterprise. If on the winding up or dissolution of the Co-operative any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the Members, but shall be transferred to some other common ownership co-operative(s), or to Co-operatives UK (or any body that succeeds to its function). If such residual assets cannot be distributed in this manner they shall be transferred to some other

organisation(s) whose purpose is to promote and support the co-operative movement and common ownership enterprises. This rule may only be amended by Extraordinary Resolution.

OPTION 2: Co-ownership

111. The Co-operative is a co-ownership enterprise. If on the winding up or dissolution of the Co-operative any of its assets remain to be disposed of after its liabilities are satisfied, these assets may be distributed among the Members and those persons who were Members at any time during the six years prior to the date on which the Co-operative decides to wind up. Such assets shall be distributed either equally or in accordance with some other equitable formula which recognises the relative contribution made by each Member and past Members to the business of the Co-operative during the six years prior to the winding up or dissolution of the Co-operative. If such residual assets cannot be distributed in this manner they shall be transferred to a common ownership co-operative or to Co-operatives UK (or any body that succeeds to its function).

ADMINISTRATIVE ARRANGEMENTS

Means of Communication

112. A Member may provide their consent to receive communications from the Co-operative by Electronic Means.

113. A notice sent to a Director's Address shall be deemed to have been duly served 48 hours after its posting. A Director may agree with the Co-operative that notices or documents sent to her/him in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Seal

114. If the Co-operative has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Co-operative. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

Registers

115. The Board of Directors shall ensure accurate registers are maintained which shall include a register of Members, a register of Directors and a register of Officers.

Register of Members

116. The Board shall ensure that the register is maintained in accordance with the Act and that the particulars required by the Act are available for inspection and accessible without the need to disclose other particulars contained in the register.

Register of Directors and Officers

117. The Co-operative shall maintain a register of Directors and Officers which shall include the following particulars:

(a) Name of the Director;

(b) Address of the Director;

(c) The date on which they assumed office;

(d) The date on which they vacated office; and

(e) The position held by a Director if s/he is also an Officer and the date on which the Director assumed and vacated his/her Officer position.

Amendments to Rules

118. Any of these Rules may be rescinded or amended or a new rule made by an Extraordinary Resolution at a general meeting of which 14 Clear Days' notice has been given, such notice to include details of the change(s) to be proposed at that meeting. No amendment of Rules is valid until registered by the Registrar. When submitting the rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by the Registrar without reference back to a further general meeting of the Co-operative.

Copies of the Co-operative's Rules

119. A copy of these Rules and any amendments made to them shall be given free of charge to every Member upon admission to Membership and shall be provided to any other Person on demand and on payment of the statutory fee chargeable for the time being in force.

Minutes

120. The Co-operative shall ensure that minutes are kept of all:

(a) Proceedings at general meetings of the Co-operative; and

(b) Proceedings at meetings of the Board of Directors and its sub-committees which include names of the Directors present, decisions made and the reasons for those decisions.

Annual Return

121. Every year and within the period prescribed by the Act, the Secretary shall send the annual return in the prescribed form to the Registrar. The annual return shall be accompanied by:

(a) A copy of the Auditor’s report on the Co-operative's accounts for the period covered by the annual return or a copy of such other report (if any) as is required by statute for such a period; and

(b) A copy of each balance sheet made during that period and report of the Auditor or other appropriate person as required by statute on that balance sheet.

122. The Co-operative shall on demand supply free of charge to any Member or any person with an interest in the funds of the Co-operative a copy of the latest annual return together with a copy of the Auditor's report on the accounts and balance sheet contained in the annual return and the Auditor's report (if any).

123. The Co-operative shall at all times keep a copy of the latest balance sheet of the Co-operative together with a copy of the corresponding Auditor's report (if any) hung up in a conspicuous place at the registered office and displayed on the Co-operative's website (if any).

Audit

124. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act , to audit the Society's accounts and balance sheet for the year. This provision also applies if the Society is in its first financial year.

125. The following persons shall not be appointed as Auditor of the Co-operative:

    (a) An Officer or Employee of the Co-operative;

    (b) A person who is a partner or employee of, or who employs, an Officer of the Co-operative.

126. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.

127. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Co-operative for the current financial year unless:

    (a) A decision has been made by the Board to appoint a different Auditor or expressly decided that s/he shall not be re-appointed; or

    (b) S/he has given notice in writing to the Secretary of her/his unwillingness to be re-appointed; or

    (c) S/he is ineligible for appointment as Auditor of the Co-operative for the current financial year; or

    (d) S/he has ceased to act as Auditor of the Co-operative by reason of incapacity.

128. Any ordinary resolution of a general meeting of the Co-operative either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Co-operative at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Co-operative in the manner prescribed in these Rules and in Writing to the Auditor(s).

Social Accounting and Reporting

129. In addition to any financial accounts required by the Act, the Members may resolve to undertake an account of the activities of the Co-operative which will endeavour to

measure its co-operative, social and environmental performance using whatever methodology the Members deem appropriate. Following the completion of such an account the Co-operative shall report any findings to its Members and other stakeholders.

Indemnity and Insurance

130. Subject to the following rule, any Director or former Director of the Co-operative may be indemnified out of the Co-operative's assets against:

(a) Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Co-operative;

(b) Any liability incurred by that Director in connection with the activities of the Co-operative in its capacity as a trustee of an occupational pension scheme;

(c) Any other liability incurred by that Director as an Officer of the Co-operative.

131. The above rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.

132. The Directors may decide to purchase and maintain insurance, at the expense of the Co-operative, for the benefit of any Director or former Director of the Co-operative in respect of any loss or liability which has been or may be incurred by such a Director in connection with their duties or powers in relation to the Co-operative or any pension fund or employees' share scheme of the Co-operative.

Signatures of Founder Members	**Full Names of Founder Members in BLOCK CAPITALS (no initials)**
1.	
2.	
3.	
Signature of Secretary	**Full Name of Secretary in BLOCK CAPITALS (no initials)**
1.	

- Accepted as a model by the Financial Conduct Authority 2015 v.1 -