

RULES of: (name) Housing Co-operative Limited

Registered under the Co-operative and Community Benefit Societies Act 2014

Register No:

Date of registration:

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Version : fully mutual primary housing co-operative (non-founder member rules)
August 2014

**Model fully mutual primary housing co-operative rules:
non founder members version, August 2014**

FULLY MUTUAL RULES

Registration No:

NAME AND STATUS

1. a] The name of the Co-operative shall be
.....Housing Co-operative Limited [the "Co-operative"].
- b] The Co-operative is registered under the provisions of the Co-operative and Community Benefit Societies Act ["the 2014 Act"] and is a "co-operative housing association" as defined by Section 5 (2) of the Housing Act 1985 because these rules:
 - i] restrict membership to persons who are tenants or prospective tenants of the Co-operative; and
 - ii] preclude the granting or assignment of tenancies to persons other than members.

OBJECTS

2. The objects of the Co-operative shall be:
 - a] the provision, construction, conversion, improvement, or management on the Co-operative Principles as set out in the appendix 1 to these rules [the "Co-operative Principles"] of housing exclusively for occupation by members of the Co-operative under the terms of a tenancy granted to them by the Co-operative solely or jointly with another member or members which shall:
 - exclude all rights for a member to purchase the housing s/he occupies; and
 - exclude any right to dispose of or assign the tenancy to any person other than, with the prior written consent of the Co-operative, to a person who is a member or prospective member of the Co-operative; and
 - require the member to surrender the tenancy to the Co-operative or, at the Co-operative's direction, to a member or prospective member of the Co-operative on ceasing to be a member, and/or
 - b] the provision and improvement on the Co-operative Principles of land, buildings, amenities, or services for the benefit of the members, either exclusively or in conjunction with other persons; and/or

- c] the provision of housing management services to members of the Co-operative and to the occupants of housing which is subject to a management agreement under which the Co-operative acts as managing agent for the housing owner which remains the landlord; and/or
- d] the promotion of the sustainable social, environmental and economic development of the Co-operative and the community of which the Co-operative is part; and/or
- e] the provision of support and assistance to other organisations with like objects or whose objects are to provide support and/or assistance in the finance, development, management, promotion, education or administration of housing co-operatives or the promotion of the application of the Co-operative Principles to other areas of social, economic and environmental sustainability.

POWERS

- 3. The Co-operative shall have the power to do all things necessary or expedient for the fulfilment of its objects.

COMMITMENT TO DIVERSITY, EQUALITY AND RESPECT

- 4. In fulfilment of its commitment to apply the 1st Co-operative Principle to achieving its objectives the Co-operative shall actively seek to eliminate discrimination, ensure equality of opportunity, value the diversity of human society and treat every individual with dignity and respect. No member or person or groups of people wishing to become members or to use the services provided by the Co-operative shall be treated less favourably because of any matter which causes them to be treated unfairly or with injustice. The Co-operative shall maintain and implement an equality and diversity policy which complies with the legislation of the United Kingdom and the European Union and accords with current equality and diversity codes and best practice, in particular the equality and diversity codes published from time to time by the Confederation of Co-operative Housing and Co-operatives UK.

TRADING

- 5. The Co-operative shall not trade for profit. Any surpluses from the Co-operative's activities shall not be treated as profit and may be used as provided by these rules and the Co-operative Principles.

REGISTERED OFFICE

- 6. The registered office of the Co-operative shall be at
..... Notice of any change of address of the registered office shall be sent to the Registrar within fourteen days of such change or within such other time as may be required by the Registrar.

SHARE CAPITAL AND MEMBERSHIP

- 7. a] The share capital of the Co-operative shall be raised by the issue of shares. Each share has the nominal value of £1. A share shall be issued to each member upon admission to membership of the Co-operative. A member of the Co-operative shall be a person who holds a share in the Co-operative and whose name is entered in the register of members.

- b] Shares shall not be withdrawable or transferable, and shall carry no right to interest, dividend or bonus.
 - c] When a member ceases to be a member or is expelled from the Co-operative, his or her share shall be cancelled. The amount paid up shall become the property of the Co-operative.
8. The register of members shall include the address of each member. It shall be the responsibility of the member to advise the Co-operative of any change to his or her address. Any requirement in the Act or in these rules that a notice be served on the member shall be satisfied if notice has been delivered to the address recorded in the register of members. Each notice or communication sent by the Co-operative to a member by post addressed to the member at the address for that member in the register of members shall be deemed to have been duly served on the member 48 hours after having been posted or sent to the member by electronic means.
9. In order to comply with the provisions of Section 5 [2] of the Housing Act 1985 which defines the legal nature of a “co-operative housing association”, all tenants of the Co-operative must be members and all members must be either tenants or prospective tenants of the Co-operative. The admission of persons to membership as prospective tenants of the Co-operative shall be restricted to persons who have a reasonable prospect of being housed in homes to be provided by the Co-operative or a real and present prospect of being housed by the Co-operative within twelve months of their admission as members.
10. Every member shall take up and hold only one share in the Co-operative. Shares shall not be held jointly.

APPLICATION FOR MEMBERSHIP

11. The committee may within their absolute discretion and in accordance with the procedure which may be laid down from time to time by the Co-operative in general meeting admit or refuse to admit any person to membership of the Co-operative save that such person must be a tenant or prospective tenant of the Co-operative.
12. Every application for membership shall be made to the committee at the registered office of the Co-operative. The committee shall consider any membership application and, if it is approved, the applicant shall be required to forward the sum of £1. On receipt of such sum by the Co-operative, the name of the applicant shall be entered into the register of members as a member and one share in the Co-operative shall be issued to him or her.
13. A person shall not be admitted to membership if s/he is under the age of 16 years.

TERMINATION OF MEMBERSHIP

14. A member shall cease to be a member if:
- a] the member dies; or
 - b] the member resigns by writing to the secretary giving one month's notice of his/her intention to resign [such notice shall constitute conclusive evidence of notice to terminate a member's tenancy agreement with the Co-operative, where such an agreement exists]; or

- c] the member is expelled from membership by a general meeting; or
- d] being resident in housing provided or managed by the Co-operative the member ceases permanently to occupy that housing as their principal home; or
- e] the member is a prospective tenant and has either:
 - i] notified the Co-operative that s/he no longer requires accommodation; or
 - ii] failed to respond in writing within 28 days to a written notice, sent to his/her address in the register of members offering a tenancy or requesting him/her to confirm that s/he still requires accommodation; or
 - iii] is reasonably deemed by the committee to have no real and present prospect of being offered a tenancy of a home in a property owned or managed by the Co-operative within the following twelve months.

15. The date on which any member ceases to be a member shall be entered in the register of members.

EXPULSION FROM MEMBERSHIP

16. a] A member may be expelled by a resolution carried by the votes of 2/3rds [two-thirds] of the members present and voting at a general meeting of the Co-operative of which due notice has been given. Before a resolution to expel a member is considered at a general meeting a complaint, in writing, of conduct detrimental to the interests of the Co-operative shall be sent to the member by order of the committee or the Co-operative by resolution passed at a general meeting not less than 28 days before the general meeting at which the resolution to expel them is to be considered. The complaint shall contain particulars of the conduct complained of and shall call upon the member to answer the complaint and attend the meeting. At the meeting the members present shall consider the evidence in support of the complaint and such evidence as the member facing expulsion may wish to place before them. If, on due notice, the member facing expulsion fails to attend the meeting without due cause the meeting may proceed in his/her absence.
- b] No person who has been expelled from membership shall be readmitted except by a resolution by the votes of at least 2/3rds [two-thirds] of the members present and voting at a general meeting of which due notice has been given.
- c] If a member is expelled under this rule the Co-operative shall immediately take such steps as may be required to lawfully terminate the expelled member's tenancy.

DEATH OR BANKRUPTCY OF A MEMBER

17. a] A member may, in accordance with the 2014 Act, nominate a person or persons to whom any of their property held by the Co-operative, other than share capital, shall be transferred at their death.
- b] Upon a claim being made to any property held by the Co-operative by the personal representatives of a deceased member or the trustees in bankruptcy of a bankrupt member, the Co-operative shall, on receiving satisfactory proof of the death of the member who has

made a nomination or satisfactory proof of bankruptcy, pay or transfer any property to which the representative or trustee has become entitled.

GENERAL MEETINGS

18. The Co-operative shall meet in general meetings, which shall be either:
- a] an annual general meeting;
 - b] an ordinary general meeting.

CONVENING GENERAL MEETINGS

19. a] Each general meeting shall be convened by the secretary by notice in writing posted to or delivered at the address for each member on the register of members or sent by email or other electronic means that creates a record of sending not less than fourteen clear days before the date of the meeting.
- b] Each notice convening a general meeting shall state:
- i] which type of general meeting is being convened;
 - ii] the date, time and place of the meeting;
 - iii] the business to be transacted at the meeting.
- c] Proceedings at a general meeting shall not be invalidated by reason of accidental omission to send notice of the meeting to a member, or by non-receipt of such notice by a member.
- d] Each member shall be entitled to attend and vote at a general meeting on production of such evidence of membership as the committee may from time to time determine.
- e] The time, date and place of each general meeting shall be determined by the committee. However, if the Secretary fails to convene an ordinary general meeting having been served with a members' requisition to do so under the provisions of rule 23 the date and place of that meeting shall be determined by the members convening the meeting.

PROVISIONS APPLICABLE TO ANNUAL GENERAL MEETINGS

20. a] An annual general meeting shall be held within six months of the end of each financial year of the Co-operative.
- b] The functions of the annual general meeting shall be:
- i] to receive the accounts and balance sheet together with the auditor's report for the preceding financial year;
 - ii] to receive a report by the committee on the state of affairs of the Co-operative, signed by the chair of the committee meeting at which the report was adopted for presentation to the annual general meeting;

- iii] to elect the committee for the coming year;
- iv] to decide the frequency of ordinary general meetings to be held during the coming year;
- v] to appoint the auditor as provided for in rule 74 or the alternative arrangements for the review of the Co-operative's affairs permitted under rule 75;
- vi] to consider any other resolutions relating to the business of the Co-operative which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO ORDINARY GENERAL MEETINGS

- 21. Ordinary general meetings shall be held at such times as may be decided by the Co-operative at its annual general meeting or convened as provided for in rule 23.
- 22. The functions of ordinary general meetings shall be:
 - a] to receive reports on the state of affairs of the Co-operative from the Committee which the Co-operative may from time to time in general meeting determine should be considered; and
 - b] to consider any business which the Committee considers to be a policy matter that should be referred to the members in general meeting for decision; and/or
 - c] to consider any other resolutions relating to the business of the Co-operative which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO CONVENING ORDINARY GENERAL MEETINGS

- 23. a] An ordinary general meeting shall be convened at such a time as may be decided by the Co-operative at its annual general meeting, or by order of the committee, or upon a written requisition to the secretary signed by not fewer than six members of the Co-operative or 1/10th [one tenth] of the members of the Co-operative, whichever shall be the greater number. Such requisition from members shall state the business for which the meeting is to be convened.
- b] The secretary shall convene the meeting at the time required by the general meeting or , if the general meeting is a meeting requisitioned by members under paragraph a] of this rule the meeting shall be convened by the secretary within five days of receipt of the requisition and the date of the meeting shall be within 28 days of the date of receipt by the secretary of the requisition from members.
- c] In the event of the secretary's failing to convene an ordinary general meeting requisitioned by members in accordance with paragraph [b] of this rule the committee or requisitioners may themselves give notice of and convene the meeting and any reasonable expenditure incurred by them in convening the meeting shall be reimbursed to them by the Co-operative.
- d] The only business which shall be transacted at a general meeting is that mentioned in the notice convening the meeting.

QUORUM FOR GENERAL MEETINGS

24. a] No business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds to business. Six members, or if the number of members at any time exceeds 60 members, 1/10th [one tenth] of the total number of members shall form a quorum.
- b] If no quorum is present within half an hour of the time appointed for the meeting, the meeting shall stand adjourned until reconvened in accordance with the provisions of paragraph [c] and [d] of this rule.
- c] If a meeting is adjourned in accordance with paragraph [b], the secretary shall make such arrangements as may be necessary for the adjourned meeting to be reconvened within ten days of the original date of meeting. The place, date and time at which such an adjourned meeting shall be reconvened shall be communicated to each member by notice in writing, such notice being duly served not less than 48 hours before the time at which the reconvened meeting shall commence.
- d] If the meeting at which no quorum is present within half an hour of the time appointed for the meeting is an ordinary general meeting convened upon receipt of a written requisition from members under the provisions of rule 23 [a], the meeting shall not be adjourned and the business for which the meeting was called shall not be considered unless it is included in the notice by which another general meeting is convened in accordance with these rules.
- e] If at an adjourned meeting a quorum is not present within half an hour of the time appointed for the meeting, the members present shall be a quorum.

PROCEEDINGS AT GENERAL MEETINGS

25. Conduct of general meetings shall be in accordance with such standing orders as may from time to time exist, subject to, and in so far as any such standing orders do not conflict with these rules.
26. a] The chair of the meeting may, with the consent of a majority of the members present evidenced by a show of hands or a secret ballot, adjourn any meeting but no business shall be transacted at any adjourned meeting other than the business not received or left unfinished at the meeting from which the adjournment took place.
- b] Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at the adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date. An adjourned meeting shall be reconvened in accordance with the provisions in 24 [c] and [e].
27. At all general meetings of the Co-operative the chair of the Co-operative shall preside as chair or if he or she is not present or is unwilling to act, the members present shall elect a member to be the chair of the meeting. If no committee member is present or willing to act the members present at the meeting shall elect a member from among themselves to chair the meeting.

VOTING AT GENERAL MEETINGS

28. Every member present in person at a general meeting shall have one vote. Except where otherwise specified in these rules, resolutions at general meetings shall be decided by a majority vote of members present and voting or voting by proxy.
29. A member may exercise his or her vote at a general meeting by proxy by nominating another member to cast his or her vote at the meeting on his or her behalf. Such nomination must be:
- in writing; and
 - give the name and address of the member authorised to exercise the proxy vote; and
 - be signed by the nominating member; and
 - be delivered to the secretary no later than three clear days before the date of the meeting.
30. At any general meeting no member may act as a proxy voter for more than two other members.
31. Votes shall be taken openly by a show of hands from members present and by the raising of a copy of a duly signed proxy voting form by members voting by proxy on behalf of absent members unless, before a resolution is put to the vote, a secret ballot is demanded by not less than 1/10th [one tenth] of the members present at the meeting. Voting shall be conducted under the direction of the chair in accordance with such standing orders as may have been agreed by the Co-operative in general meeting. A resolution on which voting is tied shall be deemed to have fallen. Because voting on tied resolutions are deemed to have fallen, the chair shall not have a second or casting vote.
32. Any question as to the acceptability of any votes shall be determined by the chair. The chair's decision as to the acceptability of any votes shall be final unless a member challenges the decision of the chair. If a challenge is made to the chair's decision about the acceptability of any vote the matter shall immediately be put to the meeting and the acceptability or unacceptability of the chair's decision shall be decided by majority vote for or against the chair's decision on a show of hands by those members present. Proxy votes shall not be counted in deciding the acceptability or unacceptability of the chair's decision.

MANAGEMENT COMMITTEE

33. **Option A:** for existing co-operative registering these rules as an amendment of rules:

The Co-operative shall have a management committee [called "the committee"] which shall control and direct the management of the day to day business of the Co-operative. The committee at the time of the registration of these rules as an amendment of rules shall remain in office until the next annual general meeting of the Co-operative at which it shall elect its committee in accordance with the provisions of rules 36 to 41.

33. **Option B:** for a new co-operative registering for the first time using these model rules

The Co-operative shall have a management committee [called "the committee"] which shall control and direct the management of the day to day business of the Co-operative. The first committee members shall be the members who signed the application to register the Co-operative, which committee shall, as soon as may be practicable after the registration of the Co-operative under the 2014 Act, call an ordinary general meeting under the provisions of rule 19 to elect a committee to serve until the close of the following annual general meeting.

34. The committee shall consist of not less than five committee members, or of such greater number not more than twelve as may be decided by the Co-operative in general meeting.
35. The committee may from time to time co-opt for any period any suitable persons, whether members of the Co-operative or not, to serve on the committee and may remove such persons. A person co-opted under this rule may take part in the deliberations of the committee and vote at any meeting of the committee. A person may be co-opted to the committee even if their co-option increases the size of the committee beyond the number determined under rule 34. Not more than three co-optees shall serve on the committee at any one time or if the number of committee members determined under rule 34 is the minimum of five, only two persons may serve as co-optees.

ELECTION OF COMMITTEE AND OFFICERS

36. a] At every annual general meeting of the Co-operative all the committee members for the time being shall retire from office.
- b] A retiring committee member shall be eligible for re-election but must be duly nominated as provided for in rule 38.
37. The committee shall at their first meeting after each annual general meeting, elect a chair who is a committee member and member of the Co-operative, and elect a secretary and a treasurer to serve until the close of the next annual general meeting.
38. Nominations of members willing to stand for election to the committee shall:
- be in writing; and
 - state the full name, address and occupation of the member nominated; and
 - be signed by the member making the nomination; and
 - contain a signed statement by the member nominated of his or her willingness to be elected to the committee; and
 - contain a statement by the member nominated of his or her willingness to accept the responsibilities of a member of the committee set out in rule 61; and
 - be left at the registered office of the Co-operative, or with the secretary of the Co-operative at the address specified on the nomination form issued with the notice of the meeting, not later than seven days before the date appointed for the general meeting at which elections are to take place.
39. No person who would be deemed to have vacated their office as a committee member under the provisions of rule 45 shall be eligible to be nominated to stand for election to the committee, save that previous convictions which are spent convictions under the provisions of the Rehabilitation of Offenders Act 1974 shall not render a member ineligible to stand for election.
40. Candidates standing for election may also make a statement, not longer than one hundred words, in support of their candidacy which, if made, shall be circulated by the secretary to all members of the Co-operative not later than three days before the meeting at which elections are to take place.
41. The election of committee members shall be conducted in the following manner:

- a] if at any annual general meeting the committee members offering themselves for re-election together with any other of the members duly nominated for election to the committee do not exceed the number of committee members to be elected, having regard to any decision made by the Co-operative under the provisions of rule 34:
 - i] the committee members standing for re-election and the members duly nominated shall be declared by the chair to have been duly elected or re-elected unopposed unless the election of one or more committee members is challenged and their election to the committee is not ratified under the provisions of sub clause b] of this rule; and
 - ii] the meeting may, if the members present decide to do so by a majority vote on a show of hands, accept nominations from the floor to fill the vacancies which remain;
- b] if any member wishes to oppose any named and duly nominated member being returned unopposed to the committee the member opposing the person or persons election may request that the question may be put to a vote at the meeting, which vote shall be either by show of hands or by secret ballot as the meeting shall determine. The member or members opposed shall be declared elected or re-elected unopposed only if a majority of members voting in person or by proxy vote ratify their election;
- c] if the committee members standing for re-election and other members duly nominated to serve as committee members exceed the number of committee members to be elected, the secretary or in the absence of the secretary the chair of the Co-operative or other member of the committee nominated by the committee to act as Returning Officer for the election shall, prior to the general meeting at which the elections are to take place and after the date for the close of nominations, prepare or cause to be prepared a ballot paper for the election of committee members: the ballot paper shall state that it is for the election of committee members, give the full names of the members nominated for election to the committee and make provision for a member to record his/her vote on the ballot paper;
- d] each member present in person shall be entitled to one vote for each vacancy to be filled but shall not give more than one vote to any one candidate;
- e] the votes cast for each candidate shall then be counted and the candidates placed in order according to the number of votes cast for each of them;
- f] the member with the highest number of votes shall be declared elected to the committee followed by the member with the second highest number of votes and so forth until all the available places on the committee are filled. If, however, there is a tie of votes among the lowest scoring candidates for the last available place or places on the committee those to be elected from the lowest scoring candidates shall be chosen by the drawing of lots.

CASUAL VACANCIES ON THE COMMITTEE

42. If a vacancy on the committee is not filled by election at the annual general meeting, or if a casual vacancy occurs because of the death or resignation of a committee member, or occurs under the provisions of rule 43 and is not filled at the meeting, the vacancy may be filled by the committee.

REMOVAL OF COMMITTEE MEMBER

43. A committee member may be removed from office either:
- a] by a resolution stating the intention to remove the committee member and the reason for doing so carried by a majority of the votes given in person or by proxy in favour of the resolution to remove the committee member at a general meeting at which the resolution to remove the named committee member appeared on the notice convening the meeting; or
 - b] by a resolution to remove the committee member from office passed by a majority $2/3^{\text{rds}}$ [two-thirds] of the members of the committee present and voting at a duly convened meeting of the committee if the committee member is in breach of:
 - i] his or her tenancy and has, within a reasonable time of being notified of it, failed to rectify the breach or has had legal proceedings for the termination of his/her tenancy commenced against them; or
 - ii] is in breach of the Co-operative's Code of Conduct or the Code of Governance for housing co-operatives published jointly from time to time by the National Housing Federation and the Confederation of Co-operative Housing or similar corporate governance code approved by the Co-operative as its code of conduct and governance and the committee member fails to give an undertaking that they will, in future, comply with such code or having given such an undertaking fails to comply with the undertaking so given.
44. The general meeting at which a committee member is removed may proceed to fill the vacancy in accordance with the election procedures set out in rule 41 save that nominations for the vacancy created may be made from the floor of the meeting and the ballot papers for the election may be provided in the manner the chair of the meeting directs.
45. A committee member shall be deemed to have vacated his or her office if:
- a] he/she becomes bankrupt or enters into an individual voluntary arrangement with creditors; or
 - b] he/she ceases to be a member under rule 14; or
 - c] he/she is disqualified to serve as a director of a company under the provisions of the Company Directors Disqualification Act 1986, the Companies Act 2006, the Insolvency Act 1986 or any other legislation that disqualifies a person from serving as a director of a company, a charity or a co-operative or a community benefit society; or
 - d] he/she is convicted of an indictable offence, namely an offence for which trial by jury at a Crown Court is either mandatory or may be elected by the defendant; or
 - e] he/she is convicted of any violent offence, such as:

- an offence against a person under the provisions of the Offences Against the Person Act 1861; or
 - common assault; or
 - assault on a police officer in the course of carrying out their duty; or
 - any other violent act; or
- f] a registered medical practitioner who is treating the committee member gives a written option to the Co-operative stating that the person has become mentally incapable of acting as a committee member and may remain so for more than three months; or
- g] by reason of the committee member's mental health or capacity, a court makes an order which wholly or partially prevents that person from personally exercising any powers or rights which that person otherwise would have; or
- h] he/she absents him or herself from three consecutive meetings of the Committee without special leave of absence.

AVOIDANCE AND DECLARATION OF CONFLICTS OF INTEREST

46. a] Committee members shall at all times seek to avoid conflicts of interest between his or her personal activities and his or her role as a committee member of the Co-operative. Once a year, each committee member shall be required to complete a declaration of interest form on which any known or potential conflict of interest shall be disclosed. Any conflict or potential conflict of interest disclosed shall be recorded by the secretary in a conflict of interest register which shall be open for inspection at the Co-operative's registered office.
- b] If the Co-operative is registered with the Social Housing Regulator it shall, in addition, comply with guidance which may from time to time be issued by the Social Housing Regulator on the declaration and avoidance of conflicts of interest.
47. Where a conflict of interest cannot be avoided, any committee member who is interested or has a member of his/her household or a close relative who is interested:
- personally; or
 - as a member of a firm; or
 - owner, director or officer of a company or business; or
 - in any way whatsoever

in any decision, contract, arrangement, transaction or any other matter about to be discussed by the committee that committee member shall disclose his or her interest to the meeting of the committee. Any committee member who has disclosed a conflict of interest shall withdraw from the meeting while the matter is discussed by the committee and shall not vote on the matter. If by inadvertence he or she does remain while a matter on which he or she has declared a conflict of interest his or her vote shall not be counted. Any committee member so conflicted shall vacate his or her office, either for a period or permanently, if requested to do so by the remaining members of the committee. Any act done in good faith by a committee member [whether or not his or her office is vacated under the terms of this rule] shall be valid unless prior to the doing of such act written notice has been served on the committee and an entry has been made in the committee's minute book stating that such committee member has ceased to be a member of the committee.

48. For the avoidance of doubt, a committee member shall be deemed not to be interested in any contract, arrangement or other transaction if that interest:-
- a] is as a tenant of property owned by the Co-operative and the contract, arrangement or transaction under discussion does not relate exclusively to the property if that committee member is a tenant; or
 - b] will not, or is not likely to, result in any pecuniary or other advantage to that committee member, or to a member of that committee member's household, or a close relative.
49. Rules 47 and in 48 are interpretative of the intention of rules 46 to 48 to ensure that personal interests and conflicts of interest are declared and avoided. The examples given are for the purpose of illustrating the intention of these rules and are not exclusive of other matters which may create a conflict of interest that needs to be declared and avoided.

PROCEEDINGS OF COMMITTEE

50. The committee shall meet at least four times in every calendar year at such times and places as the committee shall decide. Seven clear days' notice of the date and place of such meetings shall be given in writing or by email or other electronic means acceptable to committee members and noted in the committee's minutes and which creates a record of sending by the secretary to all committee members.
51. No business shall be transacted at committee meeting unless a quorum of members is present at the time the meeting proceeds to business. The quorum of the committee shall be one-third of its total number subject to a minimum of three.
52. Notwithstanding any vacancies on the committee, the remaining committee members may continue to act. If at any time the number of committee members falls below the number necessary for a quorum, the remaining committee members may act as the committee for a maximum period of six months. If, after this six month period has expired, the committee has not appointed committee members to make up their number to that which is necessary for a quorum, the only power which the committee may exercise shall be to convene a general meeting of the Co-operative to elect, in accordance with the election procedure set out in rules 36 to 41, such number of committee members as is required to bring the number of members of the committee to the number necessary to comply with the quorum required by rule 51.
53. a] If the general meeting called under rule 52 to elect the number of committee members necessary for a quorum is unable to elect such committee members because there is an insufficient number of members willing to take responsibility for the democratic governance of the Co-operative, the general meeting shall appoint a special manager to manage the Co-operative's business in the absence of a duly elected committee. The special manager shall not be a member of the Co-operative but shall be either a co-opted member of the Co-operative's committee, an employee, a consultant, or a body corporate. The special manager may exercise all the powers of the committee under these rules that are necessary for the continuing day to day management of the Co-operative's established business but shall not have the power to expand the scope or nature of the Co-operative's business activities. The special manager shall, as soon as may be practicable after appointment, call a

general meeting to present to the members proposals for rejuvenation and reestablishment of the Co-operative's democratic governance. If such proposals are not accepted by the Co-operative, the special manager shall put to the members at the same or subsequent general meeting to be held within six months proposals for the amalgamation, transfer of engagements, or dissolution of the Co-operative under the provisions of rules 92 to 96.

b] A special manager appointed under this rule may be removed by resolution of a general meeting that elects a committee with sufficient members to form a quorum required by rule 51.

54. Special meetings of the committee may be called either by the secretary, or by a notice in writing given to the secretary by the chair of the committee, or by two committee members, specifying the business to be transacted at the special committee meeting. The secretary shall communicate every such notice to all committee members and persons co-opted to the committee as soon as possible after receipt. The special meeting shall be held at the ordinary place for meetings of the committee or such other place as may be specified in the notice convening the meeting. The special meeting shall be held not earlier than three clear days and not later than ten clear days after the receipt by the secretary of the notice requesting it. If the secretary fails to convene the special meeting as required by this rule, the chair of the committee, or the two committee members who have given the notice in writing, may call the meeting. No other business shall be done at the meeting other than the business named in the notice convening the special committee meeting.

POWERS OF THE COMMITTEE

55. The business of the Co-operative shall be conducted by the committee which may exercise all such powers as may be exercised by the Co-operative and are not by these rules or by statute required to be exercised by the Co-operative in general meeting. The committee shall in all things act for and in the name of the Co-operative.

56. Without prejudice to the general powers conferred on the committee by these rules the committee may exercise the following powers:

a] to purchase, sell, build upon, lease, mortgage or exchange any property or land and to enter into any contracts and settle the terms of such contacts;

b] to compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Co-operative;

c] to determine from time to time the terms and conditions upon which the property of the Co-operative is to be let, leased or sold, and to make, revoke, and alter and at all times enforce as it thinks fit, such terms and conditions;

d] to appoint and remove all solicitors, architects, surveyors and employees;

e] to appoint and remove managing agents and to determine from time to time their remuneration and the terms and conditions upon which the managing agents are to act on behalf of the Co-operative;

- f] to pay all such expenses, including travelling expenses, as are properly incurred by any committee members or persons co-opted to the committee or sub-committee in the execution of his or her duties;
- g] to take up corporate membership of any secondary co-operative from which the Co-operative purchases services;
- h] to become a member, affiliate or subscribe to the International Co-operative Alliance, Co-operatives UK the Confederation of Co-operative Housing and the National Housing Federation; or
- i] to affiliate or subscribe to any other organisation that will assist the Co-operative achieve its objects in such manner as the members voting at a general meeting of the Co-operative may from time to time determine.

57. A receiver appointed by a mortgagee may exercise such powers of the committee as s/he deems to be necessary to carry out his/her duties.

DELEGATION OF POWERS BY THE COMMITTEE

- a] The committee may delegate any of its powers to sub-committees consisting of such committee members and other persons as it thinks fit.
 - b] Any sub-committee shall, in carrying out the powers entrusted to it, conform to the instructions given to it by the committee and shall be governed by the provisions in these rules for regulating the meetings and proceedings of the committee or by any terms of reference or standing orders for the sub-committee imposed by the committee.
 - c] Members of any sub-committee set-up under these rules shall be bound by the same obligations to disclose and avoid conflicts of interest as the committee is bound under rules 46 to 49.
 - d] The committee may also delegate such of its powers as may be necessary or expedient to managing agents appointed under rule 56 [e] or to officers appointed under rule 62.
59. All acts done in good faith by any meetings of the committee or of any sub-committee shall, notwithstanding that it shall be afterwards discovered that there was any defect in the appointment of any committee member or committee members or that any one or more of them were disqualified, be as valid as if every committee member had been duly appointed and was duly qualified to serve.
60. A resolution in writing signed by all committee members or by all members of a sub-committee shall be as valid and effectual as if it had been passed at a meeting of the committee or sub-committee duly called and constituted.

RESPONSIBILITIES OF COMMITTEE MEMBERS

61. The responsibility of all committee members, whether elected or co-opted, is to act only and at all times in the best interests of the Co-operative and not for personal benefit or gain or on behalf of any

constituency or special or partisan interest group. Without prejudice to this general responsibility each and every committee member shall:

- a] abide by the Code of Conduct for committee members as agreed from time to time by the Co-operative in general meeting;
- b] attend all committee meetings, unless it is genuinely not possible to do so, and make a positive and constructive contribution to committee proceedings, debate and decision making;
- c] participate in appropriate training to ensure that he or she has sufficient knowledge and understanding of the Co-operative's affairs in order properly to exercise the responsibilities and powers of a committee member;
- d] avoid and declare any conflict of interest as provided for in rules 46 to 49;
- e] comply with the Data Protection Act 1998 and treat all personal information about members and their households and applicants to the Co-operative as confidential and not disclose any data held on any person by the Co-operative to any other person or organisation unless required to do so by law; and
- f] accept and fulfil the detailed statement of committee members' responsibilities which may be agreed from time to time by the committee and contained in the letter of committee member's responsibilities which shall be sent by the chair to each committee member as soon as may be practicable after each committee member's election or appointment or at such other times as the committee may direct. Any committee member who fails to sign the statement of committee member's responsibilities within one month of being required to do so shall cease to be a member of the committee.

OFFICERS

- 62. a] In addition to the three Co-operative officers of chair, secretary and treasurer, the Co-operative shall have such other officers as the committee may from time to time determine. Officers shall be appointed and may be removed by the committee to carry out such tasks and fulfil such functions as the committee shall from time to time determine. The Co-operative officers and other officers appointed by the committee shall, if they are members of the Co-operative, not receive any remuneration for carrying out the duties of their office. Officers who are employees of the Co-operative but not members shall receive such remuneration [if any] under their contracts of employment as the committee shall determine.
- b] The Co-operative officers and other officers, if any, shall act under the supervision control and direction of the committee and shall discharge their powers and responsibilities in accordance with these rules and with such regulations, standing orders, policies, and procedures as may be established from time to time by the Co-operative which are consistent with these rules.
- c] The chair shall normally preside at all general meetings of the Co-operative. If at any general meeting or at any committee meeting the chair is absent or declines to act the members shall elect one of their number to chair the meeting.

- d] The secretary shall ensure that:
- meetings are properly called; and
 - the names of those present are recorded; and
 - minutes of meetings are kept; and
 - the register of members and officers is maintained; and
 - the use of the Co-operative's official seal (or the execution of documents as if under seal) is properly recorded; and
 - all returns required to be made to the Registrar are sent; and
 - if the Co-operative is a registered with the Social Housing Regulator, all returns required by the Regulator are sent.
- e] The Co-operative officers and any other officer of the Co-operative shall produce or give up all books, papers, documents and records of the Co-operative whenever required to do so by resolution of the committee or the Co-operative in general meeting.

SECURITY BY OFFICERS AND INDEMNITY

63. The committee shall require every officer or employee having receipt or charge of money to provide to the Co-operative an assurance of their honesty and integrity. This shall be done by the officer or employee becoming either bound with or without a surety as the committee may determine in a bond according to one of the forms set out in Schedule 1 of the 2014 Act or to give the security of a society or insurer of repute in such sum as the committee shall direct [commonly called 'fidelity guarantee insurance']. Every officer having receipt or charge of money shall, when required to do so by the committee or Co-operative in general meeting, give a just and true account of all monies received by him or her on account of the Co-operative and shall, as and when required to do so, pay all sums due from him or her to the Co-operative.
64. a] Every officer shall be indemnified by the Co-operative against all costs, losses and expenses which he or she may reasonably incur in the discharge of his or her duties including travelling and other out of pocket expenses, and the amount for which such indemnity is provided shall immediately attach as a charge on the property of the Co-operative.
- b] No officer shall be liable for any loss happening to the Co-operative through the execution of the duties of his or her office unless the loss is the consequence of his/her own dishonesty or gross negligence.

PAYMENTS TO OFFICERS AND COMMITTEE

65. The Co-operative shall not remunerate any member of the Co-operative or any member of any sub-committee established by the Co-operative in respect of service as a member of any such sub-committee or as an officer. This rule shall not prevent the reimbursement of expenses properly incurred by any person on behalf of the Co-operative.

BORROWING POWERS

66. The Co-operative shall have the power to borrow money for the purpose of the Co-operative provided that at the time of borrowing the sum of the amount remaining undischarged of monies

previously borrowed and the amount of the proposed borrowing shall not exceed £20,000,000 [twenty million pounds] and that for this purpose:

- a] the amount remaining undischarged of any deferred-interest or index-linked monies previously borrowed by the Society or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such borrowing became repayable at the time of the proposed borrowing; and
 - b] the amount of any proposed borrowing intended to be on index-linked or on any deep discounted security shall be deemed to be the proceeds of such proposed borrowing receivable by the Co-operative at the time of the proposed borrowing.
67. The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the committee, is reasonable having regard to the terms of the loan. The committee may delegate the determination of the said interest rate within specified limits to an officer, committee member or to a sub-committee.
68. The Co-operative shall have the power to enter into rate cap and/or interest swap transactions and other financial hedging instruments to manage the risk of interest rate fluctuations on its borrowings if it considers it is prudent to do so. If it exercises this power it shall comply with the terms and conditions for entering into such transactions set out in appendix 2 to these rules.
69. The Co-operative shall not receive money on deposit. 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 Financial Conduct Authority (or any body that succeeds its functions) to carry on that activity without first having applied for and obtained such permission.
70. The Co-operative may receive donations towards the work of the Co-operative from any lawful source which the Committee considers does not compromise the Co-operative's ethical commitment to the Co-operative Principles and Values.

INVESTMENT

71. a] The funds of the Co-operative may, to the extent permitted by the law for the time being in force, be invested:
- i] in any manner expressly authorised by the 2014 Act;
 - ii] in any investments covered by Parts I, II and III of the First Schedule to the Trustee Investments Act 1961 or in stocks or shares or debentures of any body corporate but subject in the case of any investments under paragraphs 1 and 3 of Part III or of any body incorporated overseas to the taking of advice in accordance with the provisions of section 6 of the Trustee Investments Act 1961;
 - iii] in shares, loan stock or on the security of any co-operative or community benefit society or credit union registered under the 2014 Act;
 - iv] in any freehold, or leasehold property whatsoever in the United Kingdom;
- but shall not be invested otherwise.

- b] The Co-operative may, to the extent permitted by the law for the time being in force, delegate in writing to a suitable person the exercise of the management or investment of the property for the time being forming part of the property of the Co-operative. A suitable person shall be a person whom the Co-operative reasonably believes to be qualified by ability and experience in the matters delegated, and who is an exempted person for the purposes of Part I of the Financial Services and Markets Act 2000 as amended or re-enacted from time to time.
- c] The Co-operative may appoint any member or members to vote on its behalf at meetings of any other body corporate in which the Co-operative has invested any part of its funds.

BAN ON PAYMENTS OF PROFIT TO MEMBERS

72. No portion of the income or the property of the Co-operative shall be transferred either directly or indirectly by way of bonus or otherwise by way of profit, to members of the Co-operative except in so far as the tenancy or lease may provide upon surrender to the Co-operative for payments to be made to the member.

SURPLUSES

73. a] The Co-operative may apply any surpluses towards carrying out the objects of the Co-operative.
- b] A general meeting may set aside any part of the surpluses arising in any year to be donated or loaned for any purposes determined by the members in general meeting.
- c] Any surpluses not applied or set aside shall be carried forward.

AUDIT

74. a] Subject to Rule 75 the Co-operative shall in accordance with Section 81(1) of the 2014 Act, appoint in each year an auditor who is a qualified auditor under the terms of the 2014 Act to whom the accounts of the Co-operative for that year shall be submitted for audit as required by the 2014 Act. The auditor shall have all such rights in relation to notice of and audience at general meetings, access to books, the supply of information and otherwise as are provided by the 2014 Act. Save as provided for in paragraph [c] of this rule, every appointment of an auditor shall be made by resolution of the Co-operative at a general meeting.
- b] None of the following persons shall be appointed as auditor of the Co-operative:
- i] a member, officer or employee of the Co-operative;
 - ii] a person who has any of the following relationships to a committee member, officer or employee of the Co-operative:
 - 1] a close relative [by blood or marriage];
 - 2] a partner of or a member of the person's family;
 - 3] an employer;

4] a business partner.

- c] The first appointment of an auditor shall be made within three months of the registration of the Co-operative and shall be made by the committee if no general meeting of the Co-operative is held within that time.
- d] An auditor appointed to audit the accounts and balance sheet of the Co-operative for the previous financial year shall be re-appointed as auditor of the Co-operative for the current year of account, whether or not any resolution expressly re-appointing the auditor has been passed; unless:
- i] a resolution has been passed at a general meeting of the Co-operative appointing somebody instead of the auditor or providing expressly that the auditor shall not be re-appointed; or,
 - ii] the auditor has given to the Co-operative notice in writing that the auditor is unwilling to be re-appointed; or
 - iii] the auditor is not a qualified auditor or is a person mentioned in paragraph [b] of this rule;
 - iv] the auditor has ceased to act as auditor of the Co-operative by reason of incapacity;
 - v] if the Co-operative's committee has given notice in writing to the auditor of its intention to tender the audit in order to comply with guidance on audit best practice;

provided that a retiring auditor shall not be automatically re-appointed if notice of an intended resolution to appoint another person in that auditor's place has been given in accordance with paragraph e] of this rule and the resolution cannot be proceeded with because of the death or incapacity of that other person or because that other person is not a qualified auditor or is a person mentioned in paragraph [b] of this rule.

- e] A resolution at a general meeting of the Co-operative:
- i] appointing another person as auditor in place of a retiring auditor; or
 - ii] providing expressly that a retiring auditor shall not be re-appointed;

shall not be effective unless notice of the intention to move it has been given to the Co-operative not less than 28 days before the meeting at which it is to be moved. On receipt by the Co-operative of notice of such an intended resolution the Co-operative shall immediately send a copy of the notice to the retiring auditor. If it is practical to do so the Co-operative shall give notice to its members of the intended resolution at the same time and in the same manner as it gives notice in accordance with these rules of the meeting at which the resolution is to be moved. Where the retiring auditor makes any representations in writing to the Co-operative with respect to the intended resolution or notifies the Co-operative that s/he intends to make such representations, the Co-operative shall notify the members accordingly as required by the 2014 Act.

75. a] Subject to rule 74 the Co-operative shall be exempt from the obligation to appoint a qualified auditor if during the preceding financial year it met such criteria regarding low levels of income and/or expenditure or other factors as to qualify for statutory exemption from the need to appoint qualified auditors.
- b] The members of the Co-operative shall, in general meeting, vote every year to allow the Co-operative to apply any audit exemption permitted by statute. Such a resolution shall not be considered to have been passed if more than twenty per cent of the total number of votes cast are against the resolution and if more than ten percent of the members of the Co-operative cast their votes against the resolution.
- c] If lay auditors are appointed to carry out an audit they shall be chosen by the Committee from the general membership and/or others.
- d] If the membership vote for unaudited accounts and these are permitted by statute, the Co-operative's income/expenditure ledger shall be scrutinised by the secretary and committee members only and signed, as a true record, by the secretary and two committee members or such other number as may be required by legislation. An income/expenditure report will be prepared to present to the Co-operative's members at each annual general meeting.

ACCOUNTS

- 76 The Co-operative shall keep proper books and other records of account with respect to all its financial transactions and to its assets and liabilities in accordance with the requirements of the 2014 Act, and shall establish and maintain a satisfactory system of control of its accounting records, its cash holdings and all its receipts and payments.
77. Unless, under the provisions of rule 75, the Co-operative is entitled to and has applied the exemption to appoint a qualified auditor the committee shall ensure that the Co-operative's accounts and balance sheet are submitted for audit to the Co-operative's auditor and the auditor shall in accordance with the requirements of the 2014 Act make a report to the Co-operative on the accounts examined by the auditor and on the revenue account or accounts and the balance sheet for the year of account in respect of which the auditor has been appointed.

ANNUAL RETURNS

78. Every year not later than 7 (seven) months after the Co-operative's financial year end the secretary shall send to the Registrar in the form prescribed the Co-operative's annual return relating to its affairs for the period required by the 2014 Act together with:
- a] a copy of the report of the auditor (if any) on the Co-operative's accounts for the period included in the return; and
- b] a copy of each balance sheet made during the period and of the report of the auditor (if any) on that balance sheet.
79. The Co-operative shall supply free of charge to every member or person interested in the funds of the Co-operative on application a copy of the latest annual return of the Co-operative together with a

copy of the accounts and balance sheet and the report of the auditor (if any) contained in the return and on the accounts and balance sheet.

80. The Co-operative shall keep a copy of the latest balance sheet for the time being and auditor's report (if any) available for inspection by members at its registered office.

INSPECTION OF BOOKS

81. Any member or person having an interest in the funds of the Co-operative shall be allowed to inspect his/her own account and the books containing the names of the members, including the details contained in the duplicate register of members between the hours of 9.30am and 5.30pm on any day excepting Saturdays, Sundays and Bank Holidays or at any other place where the same records are kept, subject to this right of inspection being carried out in accordance with the arrangements for inspection of records as may be made from time to time by the Co-operative in general meeting. If the member or person wishing to carry out such an inspection is reasonably unable to do so between the times stated above, the Co-operative shall make alternative arrangements for the inspection if it is reasonably practical to do so.

MINUTES AND RECORDS

82. Minutes of every general meeting and of every committee meeting shall be kept and presented for approval as an accurate record at the next respective meeting and signed by the chair of the meeting at which they are presented and approved. All minutes signed as an accurate record shall, subject to any amendments which may be recorded in the following meeting, be conclusive evidence of any facts stated in the minutes or decisions made at the meeting the minutes record.

83. The Co-operative shall keep at its registered office:
- a] a register of members in which the secretary shall enter or cause to be entered the following particulars;
 - i] the names and addresses of the members;
 - ii] a statement of the share held by each member and the amount paid for the share;
 - iii] a statement of other property in the Co-operative whether in loans or loan stock, held by each member;
 - iv] the date at which each person was entered in the register as a member, and the date at which any persons cease to be a member;
 - v] the names and addresses of the officers of the Co-operative with the offices held by them and the dates on which they assumed office.

The inclusion or omission of the name of any person in or from the register of members shall, in the absence of evidence to the contrary, be conclusive evidence that such person is or is not a member of the Co-operative.

84. The Co-operative shall also keep at its registered office a duplicate register of members in which the secretary shall enter all the particulars in the original register of members other than those mentioned in paragraph [a] ii) and iii) of rule 83.
85. The registered name of the Co-operative shall be kept painted or fixed in a conspicuous position in an easily legible form on the outside of every office or place in which the business of the Co-operative is carried on, and the registered name of the Co-operative shall be engraved in legible characters on its seal, and shall be mentioned in all business letters of the Co-operative, notices, advertisements, electronic communications and other official publications of the Co-operative and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Co-operative and in all bills, invoices, receipts and letters of credit of the Co-operative.

SEAL

86. If the Co-operative has a seal it shall be kept in the custody of the secretary and used only by the authority of the Co-operative. Sealing shall be attested by the signatures of the two committee members or the secretary and one committee member. If the Co-operative does not have a seal, a document which would have previously required to be sealed should be signed by two committee members or a committee member and the secretary and accompanied by a written statement that the document has been executed by the Co-operative as if under common seal.

DISPUTES

87. a) Any dispute concerning matters governed by these rules between a member, or any person aggrieved who has not for more than six months ceased to be a member, and the Co-operative or an officer thereof shall be considered in accordance with the Co-operative's Disputes Procedure agreed from time to time by the Co-operative in General Meeting. The secretary shall, on request, provide any member or person interested in the Co-operative with a copy of the Co-operative's current Dispute Procedure. Provided that any internal disputes procedure established by the Co-operative has been exhausted without the dispute being resolved, either party may request the dispute to be submitted to the County Court [or to the Sheriff's Court, if the Co-operative's registered office is in Scotland] whose decision shall be binding and conclusive, and application for the enforcement thereof may be made by either party to the County Court [or to the Sheriff's Court, if the Co-operative's registered office is in Scotland].
- b) The costs of referring the dispute to the County Court [or the Sheriff's Court, if the Co-operative's registered office is in Scotland] shall be borne as the County Court [or the Sheriff's Court] directs.

STATUTORY APPLICATIONS TO THE REGISTRAR

88. a) Any 10 members each of whom has been a member of the Co-operative for not less than 12 months immediately preceding the date of the application may apply to the Registrar in the form prescribed by the 2014 Act to appoint an accountant or actuary to inspect the books and other financial records of the Co-operative and to report on them.

- b] 1/10th [one tenth] of the whole number of members, or if the number shall at any time exceed 1000, 100 members may apply to the Registrar in the form prescribed by the 2014 Act:
 - i] for the appointment of an inspector or inspectors to examine the affairs of the Co-operative and to report on the Co-operative's affairs; or
 - ii] for the calling of a special general meeting of the Co-operative.

COPIES OF THE RULES TO BE SUPPLIED

89. The secretary shall provide a copy of these rules of the Co-operative to each member free of charge and to any other person on demand on the payment of a charge to meet the reasonable cost of providing them but not exceeding any maximum charge as may from time to time be specified under the provisions of the 2014 Act.

AMENDMENT OF RULES

90. Any rule of the Co-operative contained in these rules may be rescinded or amended or a new rule may be made by a resolution carried by 2/3^{rds} [two-thirds] of the votes given on the resolution to amend these rules at any general meeting of which notice has been given specifying the intention to propose such a rescission, amendment or new rule.

91. a] Application for the registration of every amendment of rules shall be made to the Registrar in the manner and form required by the 2014 Act as soon as practical after the general meeting at which the decision to rescind or amend or make a new rule has been taken. Once an amendment has been registered, a copy of it shall be issued to every member and supplied with every copy of the rules issued after the amendment of rules has been registered. No amendment of rules is valid until registered by the Registrar. When submitting rule amendments for registration the secretary may at his/her sole discretion accept any textual alterations to the wording of the amendment which do not change the substance or effect of the amendment that may be required or suggested by the Registrar without reference back to a further general meeting of the Co-operative.

- b] If the Co-operative is registered with the Social Housing Regulator any amendment of these rules that:
 - i] alters the Co-operative's objects,
 - ii] makes provision about the distribution of assets to members, or
 - iii] enables the Co-operative to become, or cease to be, a subsidiary or associate of another body, or
 - iv] requires the consent of the Regulator.

shall be effective only if the Regulator has consented to the amendment and section 16) of the 2014 Act shall be satisfied only if the copies of the amendment and the application to register it are accompanied by a copy of the Regulator's consent.

- c] If the Co-operative is registered with the Regulator any other change to these rules which does not require the consent of the Regulator before registration, including a change of name or registered office, shall be notified by the Secretary of the Co-operative to the

Regulator. as soon as may be practicable after the amendment has been registered together with a copy of the amendment made.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND DISSOLUTION

92. The Co-operative may, by special resolution passed at a general meeting in the manner prescribed in the 2014 Act, amalgamate with or transfer its engagements to any other co-operative or community benefit society that has similar objects and is registered under the 2014 Act.
93. Unless it is registered with the Regulator, the Co-operative may enter into a company arrangement or administration provision as defined in section 118 of the 2014 Act.
94. Subject to rule 96 the Co-operative may be dissolved:
- a] in accordance with section 119 of the 2014 Act by an instrument of dissolution;
 - b] in accordance with section 123 of the 2014 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.
95. If on the winding up or dissolution of the Co-operative there remains after satisfaction of all its debts and liabilities, any assets or other property whatsoever, the assets or other property shall be disposed of by way of a gift to:
- another Co-operative; or
 - a Community Benefit Society having similar objects to the Co-operative; or
 - a Credit Union; or
 - a charity which has, among its objects, the provision of housing or relief of homelessness.

Such disposal shall be decided by a general meeting of the Co-operative before dissolution. On the winding up or dissolution of the Co-operative, no member shall receive any property or sum beyond:

- i] the repayment of any investment in the Co-operative to which the member is entitled and any interest due on such investment; and/or
 - ii] any payment to the member provided for in the member's tenancy or lease on the surrender of that tenancy or lease.
96. If the Co-operative is registered with the Regulator any resolution passed under rules 92 to 95 shall be effective only if the consent of the Regulator has been obtained and may only be registered by the Registrar if the application to register the resolution required by the 2014 Act is accompanied by the Regulator's consent.

INTERPRETATION

97. In these rules, unless the subject matter or context is inconsistent with them, the following words and phrases shall have the following meanings:
- a] words importing the singular or plural shall include the plural or singular respectively;
 - b] "address" means a postal address or, for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages.

- c] "committee" shall mean a management committee as provided for in rules 33 to 42;
- d] "committee member" shall include any person, whether a member of the Co-operative or not, who is elected, appointed, or co-opted to serve on the committee;
- e] "Co-operative Principles" refers to the Co-operative Principles and Values adopted at the Centennial Congress of the International Co-operative Alliance on 23rd September 1995, a copy of which are appended to these rules;
- f] "electronic means" shall include email, video links and secure authenticated website transactions;
- g] "general meeting" shall mean any meeting of the Co-operative convened under rule 19;
- h] "the Registrar" shall mean the Financial Conduct Authority (which under the provisions of the 2014 Act is the registrar of co-operatives and community benefit societies) or any statutory successor body;
- i] "Social Housing Regulator" and "Regulator" shall mean:
 - i) if the Co-operative is registered in England as a registered provider of social housing under the provisions of section 80 of the Housing and Regeneration Act 2008, the statutory regulator for the registration of providers of social housing referred to in Part 2 chapter 2 of the Housing and Regeneration Act 2008 or any successor body;
 - ii) if the Co-operative is registered in Wales as a registered social landlord under the provisions of Part I to the Housing Act 1996, the Welsh Government established by the Government of Wales Act 2006 or any successor body;
- j] "the 2014 Act" refers to the Co-operative and Community Benefit Societies Act 2014, or any Act or Acts amending or in substitution for the 2014 Act for the time being in force;
- k]
- l] "surpluses" shall mean any money remaining after the Co-operative's current expenses and obligations have been provided for and adequate allowance has been made for the Co-operative's reasonably foreseeable future requirements;
- m] "tenant" shall mean any person other than a body corporate who holds, either individually or jointly, a tenancy or lease entitling them to occupy residential property owned by the Co-operative;
- n] "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 in electronic form or otherwise;
- o] for the purpose of rules 66 to 69 and appendix 2 to these rules:

- i] "Calculation Amount" "Effective Date" "Floating Rate Payer" "Term" and "Termination Date" have the respective meanings given in the 1991 International Swaps and Derivatives Association Definitions ("the ISDA Definitions) as amended from time to time;
- ii] "Variable Rate Borrowing" means any borrowing by the Co-operative in respect of which the rate of interest has not been fixed for a term in excess of twelve months and the term "fixed" shall exclude any borrowing where the rate of interest is indexed in accordance with a retail prices index or other published index;
- iii] "Rate Cap Transaction" means a cap transaction within the meaning of "swap transaction" as defined in the 1991 ISDA Definitions as amended from time to time.
- iv] "Swap Transaction" means any transaction which is a rate swap transaction, a forward rate transaction, interest rate option purchased or collar transaction as referred to in the definition of "swap transaction" appearing in the 2000 ISDA Definitions as amended from time to time save that:-
 - 1] it shall exclude:-
 - any transaction where any calculation amount is expressed in a currency other than pounds sterling; and
 - any transaction dealing in commodities; and
 - 2] rate swap transaction shall be deemed to include:-
 - a retail prices [or other published index] interest rate transaction; and
 - forward rate transactions shall include an option to buy a forward rate transaction [but not sell].

Members signing the application to register these rules:

Signature

Name

1.

2.

3.

4.

[Secretary]

CO-OPERATIVE PRINCIPLES

Co-operative Principles as defined by resolution of the Centennial Congress of the International Co-operative Alliance on 23 September 1995.

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

- [1] **Voluntary and Open Membership:** Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- [2] **Democratic Member Control:** Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Women and men serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights [one member, one vote] and co-operatives at other levels are also organised in a democratic manner.
- [3] **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibility by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
- [4] **Autonomy and Independence:** Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensures democratic control by their members and maintain their co-operative autonomy.
- [5] **Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to

the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

- [6] **Co-operation among Co-operatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.
- [7] **Concern for Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members.

RATE CAP AND SWAP TRANSACTIONS

1. The Co-operative shall have the power to enter into and perform a rate cap transaction, or series of rate cap transactions, where the committee [or a duly authorised sub-committee established under the rules] considers entry by the Co-operative into such transaction[s] to be in the best interest of the Co-operative provided that:
 - at the time of entry into any such transaction[s] the sum of the calculation amount of any rate cap transaction previously entered into and remaining in effect and the calculation amount of the proposed rate cap transaction[s] shall not exceed the lower of [1] £10 million or [2] the aggregate amount of the Co-operative's variable rate borrowing then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Co-operative intends at the effective date when drawn will become variable rate borrowings and,
 - the counterparty to each rate cap transaction is the floating rate payer.
2. Prior to exercising its power under clause 1 of this appendix the Co-operative shall obtain and consider proper advice on the question of whether the rate cap transaction is satisfactory having regard to:-
 - the possible fluctuations in the rate of interest payable by the Co-operative under its variable rate borrowings during the term of the rate cap transaction[s];
 - the Co-operative's ability to meet its payment obligations under the variable rate borrowings during the term of the rate cap transaction[s] if that transaction was not entered into;
 - the payment obligations under the rate cap transaction[s]; and
 - the Co-operative's actual and projected annual income and expenditure position.
3. The Co-operative shall have the power to enter into and perform a swap transaction, or series of swap transactions, where the committee [or a duly authorised sub-committee established under these rules] considers entry by the Co-operative into such transaction[s] to be in the best interests of the Co-operative provided that at the time of entry into any such transaction[s] the sum of the calculation amount of any swap transaction previously entered into and remaining in effect and the calculation amount of the proposed swap transaction[s] shall not exceed the lower of:-
 - £10 million; or
 - the aggregate amount of the Co-operative's variable rate borrowings then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Co-operative intends at the effective date when drawn will become variable rate borrowings
 - having regard at the effective date to the Co-operative's obligations to repay variable rate borrowings and the amount of variable rate borrowings which will be outstanding at any time on or prior to the proposed termination date.
4. Prior to exercising its power under clause 3 above the Co-operative shall obtain and consider proper advice on the question of whether the swap transaction is satisfactory having regard to:-
 - the Co-operative's anticipated payment obligations under its existing borrowings,
 - the payment obligations under the proposed swap transaction;
 - the terms and conditions of the swap transaction; and

- the Co-operative's actual and projected annual income and expenditure position.
5. For the purposes of clauses 2 and 4 of this appendix proper advice is the advice of a person who is reasonably believed by the committee to be qualified by their ability in and practical experience of financial matters and rate cap transactions and the appropriate derivative transaction and is properly authorised to give such advice under the provisions of the Financial Services Act 1986; such advice may be given by a person notwithstanding that they give it in the course of their employment as an officer.
6. A person entering into a rate-cap transaction as floating rate payer with the Co-operative or a person entering into a swap transaction with the Co-operative who has received a written certificate signed by the secretary confirming the Co-operative's compliance with rules 66 to 69 and the provisions of this appendix shall not be concerned to enquire further whether or not the Co-operative has complied with the provisions of these rules and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person [or any assignee or successor in title] whether or not the provisions of these rules have been complied with.
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