

Register No: 29581R



RULES

Registered under the Industrial and Provident Societies Act, 1965

Amended July 2012

NAME

1. The name of the Society is to be Supporters Direct and it is called "the Organisation" in the rest of these Rules.

OBJECTS

2. The Organisation's objects are:
 - a) To act as the representative body for industrial and provident societies or similar bodies known as Supporters' Trusts or Supporters Societies in order to protect, promote and further their interests;
 - b) To promote and encourage the development of Supporters' Trusts).
 - c) To promote principles, on which Supporters' Trusts should operate and to issue guidance on best practice for Supporters' Trusts in relation to financial management, accounting standards, corporate governance, openness, efficiency democracy or any other aspect of the affairs of Supporters' Trusts;
 - d) To comply with and monitor compliance by members with the Organisation's principles;
 - e) To provide advice and services (which may be charged for) to Supporters' Trusts in relation to their affairs;
 - f) To assist in the resolution of disputes between members;
 - g) To consider rules submitted by an industrial and provident society applying for membership of the Organisation, and rule changes proposed by members in the light of the Organisation's Principles and to exercise any power granted under the Rules of any Supporters' Trust

POWERS

3. In order to achieve its objects the Organisation may:
 - a) buy, sell and lease property;
 - b) grant security over its property and assets;
 - c) raise funds by subscription, or levying charges for services provided;
 - d) award pensions, allowances, gratuities and bonuses to past and present employees (including their dependants and people connected with them) of:
 - i. the Organisation
 - ii. any predecessor of the Organisation
 - iii. any subsidiary company or society of the Organisation
 - e) set up and maintain itself or with others trusts funds or schemes (whether contributory or non-contributory) intended to provide pension or other benefits for the people referred to in Rule 3(d);
 - f) so far as permitted by these Rules indemnify or take out and maintain insurance for the benefit of people who are or were:
 - i. members of the Board; or
 - ii. officers; or
 - iii. employees; or
 - iv. trustees of a pension fund

of the Organisation or any subsidiary company or society of the Organisation against any liability which they may have as a result of their involvement with the

Organisation or its subsidiaries;

- g) do anything else which is necessary or expedient to achieve its objects.
4. The business of the Organisation is to be conducted for the benefit of the community and not for the profit of its members or for charitable purposes.

APPLICATION OF PROFITS

5. The profits or surpluses of the Organisation are not to be distributed either directly or indirectly in any way whatsoever among members of the Organisation .

MEMBERSHIP

6. a) Any industrial and provident society or other corporate body or incorporated association which is required by its Rules to conduct its affairs and does conduct its affairs in accordance with the principles set out in sub-paragraph (c) ("the Principles") and meets the criteria as stated in the Membership Policy of the organisation may be admitted as a full member of the organisation subject to these Rules and the judgement of the Board.
- b) The Board reserves the right to refuse to admit a group if in its opinion to do so would be contradictory to the aims and objects of the organisation or the unity of the Supporters Trust movement.
- c) The Principles to which any member of the Organisation must be committed are as follows:
- i) playing a responsible part in the life of the Club its members support
 - ii) exercising influence in the life of the Club through share ownership a and Board representation where possible
 - iii) democracy in which one member has one vote
 - iv) non-distribution of profit or proceeds upon dissolution
 - v) inclusivity and affordability of membership
 - vi) agreeing to be bound by the Rules of Supporters Direct and upholding the principles of the Organisation and working to further the interests of the Trust movement
7. Every full member holds one share of £1. The Board will approve and issue a form of application for membership and will decide when and in what manner payment for the share is to be made.
8. Associate members shall not hold any share in the organisation, and nor shall they be entitled to vote at meetings, nominate candidates for the Board or vote in elections. They shall only be able to receive limited services from the organisation according to the Membership Policy of the Organisation. Associate status shall be afforded to organisations in accordance with the Membership Policy of the Board.
9. A body which is a member may by resolution of its governing board or committee appoint any person it thinks fit to be its designated contact and revoke such an appointment. The designated contact will be entitled to exercise all rights of membership on behalf of their appointor.

SHARES

10. The shares of the Organisation have the nominal value of £1 each and may not be transferred or withdrawn.
11. If a member ceases to be a member, the share registered in the name of that member is

to be cancelled and the amount subscribed for the share is to become the property of the Organisation.

12. Shares do not carry any right to interest, dividend or bonus.

REMOVAL OF MEMBERS

13. (a) A member shall cease to be a member if they:
- i) cease to exist
 - ii) are expelled under these Rules
 - iii) withdraw from membership by giving at least one month's written notice to the Secretary
 - iv) cease in the opinion of the Board to adhere to the Principles or criteria for full membership
 - v) in the case of an existing member, fail to renew membership after receipt of a written demand
- (b) A Full member or associate may be expelled by a resolution carried by the votes of not less than two-thirds of the members present in person or by proxy and voting on a poll at an annual or special general meeting of the Organisation of which notice has been duly given. The following procedure will be adopted.
- i) A complaint must be made that the member or associate has acted in a way detrimental to the interests of the Organisation or the Principles.
 - ii) Details of the complaint must be sent to the member or associate in question not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting.
 - iii) At the meeting the members will consider evidence in support of the complaint and such evidence as the member or associate may wish to place before them.
 - iv) If the member fails to attend the meeting without due cause the meeting may proceed in their absence.
 - v) An Organisation expelled or denied membership according to the Membership Policy will cease to be a member or associate from the date at which the resolution to expel them is carried or when they have exhausted the appeal process for denial of membership.
 - vi) Members expelled or members denied full or associate membership shall be entitled to use the dispute resolution procedures of the organisation as specified in the Rule 97.

ORGANISATION

14. The powers of the Organisation are to be exercised by the members, the Board and the Chief Executive of the Organisation as follows.

RIGHTS AND POWERS OF MEMBERS

15. The members are to decide the issues specifically reserved to them by these Rules or the Act.
16. The members may by a resolution carried by not less than two-thirds of the members voting at a general meeting but not otherwise give directions to the Society Board. To propose a resolution for the giving of such directions for consideration at a general meeting, a member shall give notice in writing to the Secretary of such wish, and of the

justification for, form and content of the resolution, not later than noon 21 days before that meeting is to be held. Such notice shall not be effective unless signed by the proposer and one other member. The Society Board shall ensure that such proposed resolutions are consistent with these rules and the laws governing the society's contractual, statutory and other legal obligations. The following provisions apply to any directions given:

- a) Any direction must:
 - i) be consistent with these Rules and with the Society's contractual, statutory and other legal obligations; and
 - ii) not affect the powers and responsibilities of the Society Board and the Chief Executive under Rules 19 and 20
- b) Any person who deals with the Society in good faith and is not aware that a direction has been given may deal with the Society on the basis that no direction has been given.

17. The function of the annual general meeting is:

To receive:

- a) the revenue account and balance sheet for the previous financial year; and
- b) a report on the Organisation's performance in the previous year including details of any best practice statements issued and advice given to members generally

To approve:

- c) targets for the performance of the Organisation in subsequent years
- d) the Organisation's five-year plan as it is revised from year to year

To appoint:

- e) financial auditors

To consider:

- f) matters proposed by the Board or raised by members that are submitted in due time

DUTIES AND POWERS OF BOARD

18. The Board is to ensure that the business of the Organisation is conducted in accordance with these Rules and is to supervise the Chief Executive. The Board:

- a) may exercise all the Organisation's powers which are not required by these Rules or by statute to be exercised by the Organisation in general meeting. This power is subject to the provisions of these Rules and to any regulations not inconsistent with these Rules made from time to time by the Organisation by special resolution in a general meeting. Any person acting in good faith and without prior notice is to not be concerned to see or enquire whether the powers of the Board have been restricted by any regulation so made;
- b) may delegate any of its powers to committees consisting of such of its own number as it thinks fit who shall, in the function entrusted to them, conform in all respects to the instruction given to them by the Board. Any such delegation may be made either collaterally with or to the exclusion of the powers of the Board and may be revoked or altered. The proceedings of any such committee shall be governed by the rules regulating the proceedings of the Board so far as they are capable of applying.
- c) may call upon the Chief Executive and/or Secretary to report or procure a report in writing upon any aspect of the affairs of the Organisation;
- d) shall keep under review the Principles and their operation in practice and propose to the Organisation in general meeting changes to the Principles where appropriate;
- e) shall issue statements of best practice and other advice to all members of the

Organisation on issues related to the Principles;

- f) shall recruit and dismiss the Chief Executive and the Secretary and decide and fix the terms of their employment;
- g) shall approve the policies or strategies to be followed by the Chief Executive and all budgets and other financial plans;
- h) shall determine from time to time the categories of transaction which require the approval of the Board; and

DUTIES AND POWERS OF CHIEF EXECUTIVE

- 19 Subject to Rule 18 the Chief Executive is to manage the Organisation's business in accordance with these Rules and has power to act in the name of the Organisation. Any person acting in good faith and without prior notice of any irregularity is not to be concerned to see or enquire whether the powers of the Chief Executive have been properly exercised.

SECRETARY

20. The Organisation is to have a Secretary whose functions will include:

- a) acting as Secretary to the Board;
- b) acting as Secretary of any subsidiary company or society of the Organisation;
- c) summoning and attending all general meetings of the Organisation and keeping the minutes;
- d) keeping the register of members and other registers required to be kept by these Rules;
- e) monitoring the conduct of the Organisation's affairs to ensure that it is conducted in accordance with these Rules;
- f) publishing to members in an appropriate form information which they should have about the affairs of the Organisation;
- g) preparing and sending all returns required to be made to the Registrar.

The Secretary shall not be a member of:-

- (i) the Board;
- (ii) the board or committee of management of any subsidiary company or society of the Organisation.

GENERAL MEETINGS

21. The organisation is to hold a general meeting (called the annual general meeting) within seven months of the end of each financial year.
22. All general meetings other than annual general meetings are called special general meetings and are to be convened by the Secretary either:
- (a) by order of the Board; or
 - (b) if a written requisition signed (except where these Rules say otherwise) by not less than 5 members or 5% of the membership, whichever is the higher, is delivered to the Organisation's registered office. The requisition must state the purpose for which the meeting is to be convened.

If the Secretary is unable or unwilling to convene a general meeting any Board member or any member may call a general meeting.

23. All general meetings may be made up of sub-meetings, the number of which and the places, dates and times for the holding of which, shall be determined by the Board. The Board may also make arrangements for members to observe and participate in general meetings via web casting or any other means which the Board considers to be appropriate. In the event of sub-meetings being held members will only be permitted to participate and vote in one sub meeting.

24. In addition to the provisions relating to the Annual General Meeting, all meetings may consider:
- (a) any member's resolution, notice of which has been given to the Secretary in accordance with Rule 16;
 - b. any resolution proposed by the Board; and
 - c. any other business relating to the affairs of the Society which any member or the Board may wish to raise but no resolution may be put to the vote of the meeting under this item.
25. A special general meeting called in response to a members' requisition or a request from a society for approval of a change in its rules must be held within 28 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.
26. Notice of a general meeting is to be given in writing at least 14 clear days before the date of the first sub-meeting. The notice must:
- a) state whether the meeting is an annual or special general meeting;
 - b) give the time, date and place of the meeting(s); and
 - c) indicate the business to be dealt with at the meeting.
- The notice shall be given to all members and to the members of the Board and to the auditors.
27. Any notice to a member may be given either personally or by sending it by post in a prepaid envelope addressed to the member at the address specified by the member for the receipt of notices. Notices may be sent by email or other electronic means to address as specified by the member for the receipt of such notices. Notices or communications sent by post to members at their registered address are deemed to have been duly served 48 hours after being posted or emailed. Proof that an envelope containing a notice was properly addressed, prepaid and posted or in the case of notices sent by email, proof that they were sent to the address notified by the organisation shall be conclusive evidence that the notice was given. The proceedings at a general meeting are not invalid if:
- a) there has been an accidental omission to send a notice to a member or members;
or
 - b) the notice is not received by a member or members
28. A member present either in person or by proxy at any meeting of the Organisation shall be deemed to have received notice of the meeting and where requisite of the purposes for which it was called. Before a general meeting can do business there must be a quorum present. Except where these Rules say otherwise a quorum is 5 members who are present and entitled to vote.
29. The Chair of the Board or in his absence some other Board member nominated by the members of the Board shall preside at all general meetings of the Organisation. If neither the Chair nor such other Board member is present and willing to act the Board members present shall elect one of their number to be chairman and if there is only one Board member present and willing to act he shall be chairman. If no Board member is willing to act as chairman, or if no Board member is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
30. If no quorum is present within half an hour of the time fixed for the start of the meeting or if during a meeting such a quorum ceases to be present then:
- a) if the meeting was convened on a requisition of the members, it is to be dissolved;
 - b) in any other case the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board determine. If a quorum is not present within half an hour of the time fixed for the start of the adjourned meeting, the number of members present is to be a quorum.

31. The same agenda of business shall be considered at all sub-meetings of general meetings and the result of voting on each matter shall be determined by adding together the votes cast at each sub meeting. The result of voting shall be declared at the final sub-meeting.
32. Subject to these Rules and to any Act of Parliament, a resolution put to the vote at a general meeting shall, except where a poll is demanded or directed, be decided upon a show of hands.
33. On a show of hands every member present in person, and on a poll every member present in person or by proxy is to have one vote. In the case of an equality of votes the chairman of the final meeting is to have a second or casting vote.
34. Unless a poll is demanded, the result of any vote will be declared by the chairman and entered in the minute book. The minute book will be conclusive evidence of the result of the vote.
35. A poll may be directed by the chairman or demanded either before or immediately after a vote by show of hands by not less than one-tenth of the members present at the meeting (in person or by proxy). A demand for a poll may be withdrawn.
36. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is withdrawn, the meeting shall continue as if the demand had not been made. If a poll is directed or demanded the chairman will decide when and how it is to be taken. The result of the poll will be treated as the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
37. Unless these Rules or an Act of Parliament say otherwise, all resolutions are to be decided by a simple majority of the votes cast.
38. The chairman of any meeting may with the consent of a majority of the members present adjourn the meeting. The following are the arrangements for adjourned meetings.
 - a) No business is to be transacted at any adjourned meeting other than the business not reached or left unfinished.
 - b) An adjourned meeting is to be treated as a continuation of the original meeting but any resolution passed at an adjourned meeting is to be treated as having been passed on the date on which it is in fact passed.
 - c) When a meeting is adjourned for fourteen days or more at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise no notice need be given of an adjournment or of the business to be transacted at an adjourned meeting.
39. A proxy is to be appointed as follows:
 - a) in writing;
 - b) in any form which is usual or which the Board may approve;
 - c) by depositing the appointment document and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board at the registered office of the Organisation or at such other place within the United Kingdom as is specified in the notice convening the

meeting or in any instrument of proxy sent out by the Organisation in relation to the meeting. Such documents shall be deposited with the chairman or the Secretary or any Board member (i) not less than two clear days before the day fixed for the meeting at which the proxy is authorised to vote; or (ii) in the case of a poll taken more than 48 hours after it is demanded, after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or (iii) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, at the meeting at which the poll was demanded.

If this procedure is not followed the appointment of the proxy will be invalid.

40. The following further rules apply to proxies.
- a) No person other than the Chair can act as proxy for more than 3 members.
 - b) Any question as to the validity of a proxy is to be determined by the chairman of the meeting whose decision is to be final.
41. A vote given or poll demanded by proxy or by the duly authorised deputy of a corporate body or unincorporated association shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Organisation at the registered office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
42. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time about any vote whether tendered personally or by proxy is to be determined by the chairman of the meeting, whose decision is to be final.

POSTAL BALLOTS

43. Where the Board considers that a significant issue has arisen which should be determined by the members of the Society the issue may be determined by a postal ballot of the members of the Society conducted in accordance with such procedure as the Society Board shall determine subject to the following principles:
- i. Notice of the ballot shall be given to each member of the Society in the same way as notice of a meeting is to be given;
 - ii. The notice must set out clearly the issue to be decided;
 - iii. Sufficient information must be provided to members to enable an informed decision to be made; and
 - iv. The date by which voting papers are to be returned must be clearly stated.

In any case where a postal ballot is appropriate the Board may make such provision as it thinks fit to permit notice of the ballot to be given and voting to be conducted by electronic means.

CONSTITUTION OF BOARD

44. The Board is to have not less than 7 and not more than 12 members elected by the Organisation's members in accordance with these Rules and the Organisation's Policy for the conduct of elections and will be made up as follows .
- a) Each year, one-third of elected Directors shall retire in order of length of service, or that of their predecessors if elected as a replacement under clause 42d. By notice given at least 4 weeks before the annual general meeting by the Secretary nominations will be sought for these positions and for any other vacancies.

- b) If there are more nominations than positions to be elected, an election will be held using a system in accordance with a policy laid down by the Board. If there are not more nominations as positions, the people nominated shall become members of the Board.
 - c) Each elected member shall serve for three years where they shall retire according to rule 42a, unless they are elected as a replacement under clause 42d, where they shall serve for the remainder of the period of office of the person who they are to replace.
 - d) In the event of resignation of elected members of the board, vacancies may be filled through by-elections held under these Rules and the Organisations' Policy for the conduct of elections. Successful candidates shall serve the remaining term of office of the persons they replace.
 - e) A by-election shall be called by the Secretary within one month of the vacancy occurring, except where such a by-election so held would occur within 3 months of the Annual General Meeting, where the by-election shall be held at the same time as normal Board elections,
 - f) For the avoidance of doubt, if either a by-election is held for more than one vacancy or by-elections held at the same time as elections held annually for retiring directors, the candidates with highest number of votes shall, in order, serve for the longest unexpired term. In the event of there being as many or fewer candidates for all vacancies, nominated candidates shall be allocated to the vacant periods of office by the drawing of lots.
- 45.
- a) The Board may co-opt up to 6 people onto the Board in accordance with the organisation's Board Membership Policy. The Board may invite people (including a representative or representatives of the Department of Culture Media and Sport) to attend Board meetings as non-voting observers.
 - b) The Board shall determine the length of a co-opted members' term of office at the point of their co-option, which shall in any event be no longer than 3 years.
46. At all times, the members co-opted shall be a minority of the Board. If resignations of elected members cause the number of elected members to be fewer than those members co-opted, until replacements are elected under rule 42, all decisions of the board must be carried by a majority of all members and a majority of elected members.
47. Members of the Board will not receive any payment for serving on the Board other than the payment of expenses incurred in carrying out their duties. This does not affect the entitlement of the Chief Executive to receive the remuneration due under his or her service contract.
48. No person can be a member of the Board who:
- a) has in the opinion of the Board brought the Organisation into disrepute;
 - b) is the spouse, cohabitee, brother, sister, child, father or mother of a member of the Board or candidate for election to the Board;
 - c) is an employee of Supporters Direct
 - d) is currently bankrupt or has a subsisting composition with their creditors;
 - e) is subject to a disqualification order made under the Company Directors Disqualification Act;
 - f) has been convicted of an indictable offence, subject to the Rehabilitation of Offenders Act 1972;
 - g) has failed to agree to be bound by the Board Membership Policy
 - h) has been adjudged to have broken the terms of the Policy on the conduct of elections
 - i) may, in the opinion of the Secretary, if they stood for election be likely to bring the

Organisation into disrepute

49. Any member of the Board who:
- a) ceases in the opinion of the Board to comply with the criteria set out in Rule 48; or
 - b) resigns; or
 - c) fails without good cause to attend 3 consecutive Board meetings; or
 - d) fails without good cause to participate in Board training
 - e) is adjudged to have broken the terms of the Board Membership Policy
- is to vacate the office of Board member.
50. A Board member may be removed from office by a resolution carried by two-thirds of the votes cast at a special general meeting.
51. If at any time and for any reason the number of members of the Board shall drop below 3 the remaining Board members may meet but only for the purpose of filling vacancies or calling a general meeting.

BOARD MEETINGS

52. The Board is to meet at least 4 times in every calendar year at such times and places as they think fit. Seven clear days' notice of the date and place of each meetings is to be given in writing or by email by the Secretary to all members of the Board . A Board meeting may be called by shorter notice if it is so agreed by all the Board members entitled to attend and vote at the meeting. 50% of Board members or such higher number as the Board may determine will form a quorum.
53. The Board will elect a Chair and other officers from its members. The Chair shall be an elected member of the Board, or shall carry the support of a majority of elected members of the Board. Unless they are unwilling to do so, the Chair shall preside at every Board meeting at which they are present. But if there is no Board member holding the office or the Board member holding it is unwilling to preside or is not present within thirty minutes after the time appointed for the meeting, the Board members present may appoint one of their number to be chair of the meeting.
54. Unless the Board decides otherwise, the Chief Executive is to attend each meeting of the Board.
55. Meetings of the Board may be called either by the Secretary, or by a notice in writing or by email given to the Secretary by the Chair of the Board, or by two Board members, specifying the business to be discussed. The Secretary is to communicate every such notice to all Board members as soon as possible and the meeting is to be held at a venue decided by the Secretary not earlier than seven days and not later than fourteen days after the receipt by the Secretary of the notice. Should the Secretary fail to convene the meeting, the Chief Executive, Chair or the two Board members who have given the notice in writing may call the meeting. No business is to be done at the meeting other than the business specified in the notice.
56. The Board may agree that its members can participate in its meetings by telephone video or computer link. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
57. The Board may appoint specialist advisors to advise on any issue and may invite them to attend and speak (but not vote) at meetings of the Board.
58. Questions arising at a Board meeting shall be decided by a majority of votes. In case of an equality of votes at a Board meeting the chairman is to have a casting vote.
59. A resolution in writing or by email agreed by members of the Board will have the same effect as a resolution passed at a meeting of the Board and may consist of several

documents in the like form each signed by one or more Board members. Members may confirm assent to proposals by email or other electronic means. All such proposals must first be issued by the Secretary to all members.

60. Save for the exceptions referred to below, no Board member is to have any material financial interest personally or as a member of a firm or company or as a director or other officer of a business trading for profit or in any other way whatsoever in any contract or other transaction with the Organisation. For the purposes of this rule, an interest of a person who is connected with a Board member shall be treated as an interest of that Board member. The exceptions are that Board members may:
- a) be paid expenses including travelling expenses and, in the case of the Chief Executive, receive the remuneration due under his or her service contract;
 - b) declare an interest in a particular contract or issue and:
 - i. not be present except with the permission of the Board at any discussion of the contract or issue
 - ii. not vote on the contract or issue (and if by inadvertence they do remain and vote, their vote is to not be counted).
61. Any member of the Board who has a financial interest as described in Rule 60 must vacate their office either for a period or permanently if requested so to do by a majority of the remaining members of the Board. Any member of the Board who fails to disclose any interest required to be disclosed under Rule 57 must permanently vacate their office if required to do so by a majority of the remaining Board members.

COMMITTEES OF THE BOARD

62. The Board may delegate any of its powers to committees of the Board.
63. The Board will:
- a) decide the membership of each committee ;
 - b) appoint the chairman of each committee;
 - c) lay down the procedure to be adopted by each committee (including the quorum);
 - d) produce a written record of the scope and authority of each committee.

SUBSIDIARY DEMOCRATIC BODIES

64. The Board may establish subsidiary democratic bodies and delegate powers to them.
65. The Board will:
- a) determine the method for establishing the membership of each subsidiary body, which may or may not include board members.
 - b) lay down the procedure to be adopted by each subsidiary body (including the quorum)
 - c) produce a written record of the scope and authority of each subsidiary body.

FINANCIAL AUDIT

66. The Society Board will in respect of each year of account ending on 31st December:
- a) cause to be prepared a revenue account or revenue accounts which:
 - i. standard adopted or issued by the Organisation singly or together deal with the affairs of the Organisation and any subsidiary or holding company or society as a whole for that year; and
 - ii. give a true and fair view of the income and expenditure of the Organisation and any subsidiary or holding company or society for that year; and

- iii. comply with the Act, any other relevant statutes or regulations and the relevant accounting
 - b) Cause to be prepared a balance sheet giving at that date a true and fair view of the state of the affairs of the Organisation and any subsidiary or holding company or society and complying with the Act, any other relevant statutes or regulations and the relevant accounting standard adopted or issued by the Organisation.
- 67. Every balance sheet presented to a meeting of members is to be accompanied by a report of the Board, signed by the chairman of the meeting of Board adopting the report, on the state of the Organisation any subsidiary or holding company or society
- 68. The Board is to lay a revenue account and balance sheet duly audited and signed by the auditor and incorporating the report of the auditor thereon before each annual general meeting, accompanied by a report by the Board on the position of the affairs of the Organisation and any subsidiary or holding company or society signed by the chairman of the Board meeting at which the report is adopted.
- 69. The Board is not to cause to be published any balance sheet unless it has previously been audited by the auditor and it incorporates a report by the auditor that it gives a true and fair view of the income and expenditure, or the state of the affairs of the Organisation, as the case may be. Every revenue account and balance sheet published is to be signed by the Secretary and by two Board members acting on behalf of the Board.
- 70. A qualified auditor must be appointed to audit the Organisation's accounts and a balance sheet for each financial year. In this rule "qualified auditor" means a person who is a qualified auditor under Section 7 of the Friendly and Industrial and Provident Societies Act 1968 and Section 25 of the Companies Act 1989.
- 71. The auditor shall, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, make a report to the Organisation on the accounts examined by them and on the revenue account or accounts and the balance sheet of the Organisation for the year in question.
- 72. None of the following persons is to be appointed as auditor of the Organisation:
 - a) an officer or servant of the Organisation; or
 - b) a person who is a partner or close relative of or in the employment of or who employs an officer or servant of the Organisation.
- 73. Save as provided in this Rule every appointment of an auditor is to be made by resolution of a general meeting of the Organisation. The exceptions are:
 - a) the first appointment of an auditor is to be made within three months of the registration of the Organisation and is to be made by the Board if no general meeting of the Organisation is held within that time;
 - b) the Board may appoint an auditor to fill any casual vacancy occurring between general meetings of the Organisation.
- 74. An auditor appointed to audit the accounts and balance sheet of the Organisation for the preceding year of account (whether by a general meeting or by the Board) is to be re-appointed as auditor of the Organisation for the current year of account (whether or not any resolution expressly re-appointing them has been passed) unless:
 - a) a resolution has been passed at a general meeting of the Organisation appointing somebody instead of them or providing expressly that they are not be re-appointed; or
 - b) they have given to the Organisation notice in writing of their unwillingness to be re-appointed; or
 - c) they are not permitted by these Rules to be the auditor; or
 - d) they have ceased to act as auditor of the Organisation by reason of incapacity; or
 - e) proper notice of an intended resolution to appoint another person in their place

has been given but the resolution cannot be proceeded with because of the death or incapacity of that other person.

75. A resolution at a general meeting of the Organisation:

- a) appointing another person as auditor in place of a retiring auditor; or
- b) providing expressly that a retiring auditor is to not be re-appointed

will not be effective unless notice of the intention to move it has been given to the Organisation not less than twenty-eight days before the meeting at which it is to be moved. If such a notice is given the following procedure will be adopted.

- i) The Organisation will send a copy of the notice to the retiring auditor.
- ii) If it is practicable to do so the Organisation will give notice of the intended resolution to its members with the notice of the meeting.
- iii) If that is not practicable, the Organisation will publish details for the notice by advertisement not less than seven days before the meeting in a newspaper circulating in the area in which the Organisation conducts its business.
- iv) If the retiring auditor makes any representations in writing to the Organisation in response to the notice or notifies the Organisation that they intend to make such representations, the Organisation will notify the members as required by Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

ANNUAL RETURNS

76. The Organisation will make an annual return to the Registrar as required by the Act.

77. The Organisation will supply a copy of the last annual return with all supporting documents to any member on request and without charge.

AMENDMENT TO RULES

78. Unless these Rules say otherwise any Rule may be altered or rescinded, or any new rule may be made, by resolution of at least two thirds of the members who attend and vote at a general meeting. No change to these Rules shall be valid until registered.

79. The following Rules may only be changed by a majority of at least three quarters of the members present and voting at a general meeting:-

- i) Rule 2 (Objects)
- ii) Rule 5 (Application of Profits)
- iii) Rule 6 (Principles)
- iv) This Rule
- v) Rule 75 (Changes to the Constitution)
- vi) Rule 82 (Transfer of property on dissolution)

CHANGES TO THE CONSTITUTION

80. The Act provides that the Organisation may by special resolution:

- a) amalgamate with another society or a company registered under the Companies Acts
- b) transfer its engagements to another society or a company registered under the Companies Acts
- c) convert itself into a company registered under the Companies Acts

The quorum at any general meeting called to consider such a resolution shall be 50% of the members entitled to attend and vote at the meeting unless the resolution proposes an amalgamation with or transfer of engagements to a member of the Organisation.

INVESTMENT AND BORROWING

81. The funds of the Organisation may, to the extent permitted by the law for the time being in force and with the authority of the Board, be invested:
- a) in the shares of any subsidiary company or society;
 - b) in any manner expressly authorised by the Act;
- but are to not be invested otherwise.
82. The Organisation has power to borrow money to achieve its objects provided that, at the time of borrowing, the sum of the amount remaining undischarged of monies borrowed and the amount of the proposed borrowing is not to exceed the turnover of the Organisation in the last financial year for which audited accounts are available as disclosed by the audited accounts.
83. Subject to these Rules and any existing loan arrangements the Board is to have power to determine from time to time the terms and conditions upon which money is borrowed or loan stock is issued and to vary such terms and conditions.
84. Deposits are not to be taken either from members or non-members.
85. A receiver appointed by a mortgagee may assume such powers of the Board or the Chief Executive as he or she considers necessary to carry out the receiver's duties.

DISSOLUTION

86. The Organisation may be dissolved by the consent of three-quarters of the members who sign an instrument of dissolution in the form provided by Treasury Regulations or by winding-up in the manner provided by the Act.
87. If on the winding up or dissolution of the Organisation there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same is to be transferred to
- a) one or more other societies that are members of the Organisation or failing that
 - b) one or more societies established for the benefit of the community
- in each case as determined by the members at a meeting called to decide the issue. Nothing belonging to the Organisation shall be transferred to any other society unless that society has in its rules a rule substantially in the terms of this Rule.

INDEMNITY

88. Officers will be indemnified by the Organisation against all costs, losses and expenses which they may reasonably incur in the discharge of their duties, including travelling expenses, and the amount for which such indemnity is provided will immediately attach as a charge on the property of the Organisation.
89. No officer is to be liable for any loss happening to the Organisation through the execution of the duties of their office, unless the loss be the consequence of their own dishonesty or gross negligence. Subject to the provisions of the Act every officer is to be indemnified out of the assets of the Organisation against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the Court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Organisation.

MISCELLANEOUS ADMINISTRATIVE PROVISIONS

90. Anything done in good faith by any meeting of the Board or by the Chief Executive shall be valid, notwithstanding that it is to be afterwards discovered that there was any defect in the appointment of any board member or board members or that any one or more of

them were disqualified, as if every board member had been duly appointed and was duly qualified to serve.

91. Minutes of every general meeting and of every meeting of the Board and of every meeting of a committee appointed by the Board are to be kept. Minutes of meetings will be read at the next meeting and signed by the chairman of that meeting. The signed minutes will be conclusive evidence of the events of the meeting.
92. The Organisation's registered office is at Victoria House, Bloomsbury Square, London.
93. The Organisation is to keep at its registered office:
 - a) a register in which the Secretary is to enter the following particulars:
 - i) the names and addresses of the members;
 - ii) a statement of other property in the Organisation whether in loans or loan stock, held by each member;
 - iii) the date at which each person was entered in the register as a member, and the date at which any person ceased to be a member;
 - iv) details of any deputy appointed under Rule 10;
 - v) the names and addresses of the members of the Board with the offices held by them and the dates on which they assumed office.
 - b) a duplicate register in which the Secretary is to enter all the particulars in the original register of members other than those referred to in (a)(ii) above;
 - c) a register of the holders of loan stock in which the Secretary is to enter such particulars as the Board direct and register all transfers of loan stock;
 - d) a register in which the Secretary is to enter such particulars of all mortgages and charges on land of the Organisation as the Board directs.
94. Subject to the provisions of the Data Protection Act 1998 the registers to be maintained by the Organisation may be kept in electronic form.
95. The inclusion or omission of the name of any person from the original register of members shall, in the absence of evidence to the contrary, be conclusive that such person is or is not a member of the Organisation.
96. The Organisation is to keep proper books of account with respect to its transactions and to its assets and liabilities in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968 and any best practice guidelines issued by the Organisation.
97. Members are entitled to inspect:
 - a. their own account
 - b. the duplicate register
 - c. minutes and other documents and information disclosed by the Board or the Chief Executive in accordance with the Principles and any guidance issued by the Organisationat the registered office at any reasonable time.
98. The Secretary is to deliver a copy of these Rules to every person on demand on payment of a sum not exceeding the statutory maximum laid down for this.
99. Notice of any change in the address of the registered office is to be sent by the Secretary to the Financial Services Authority on the form prescribed within fourteen days of the change.
100. The registered name of the Organisation is to be mentioned in legible characters in all:
 - a. business letters, notices, advertisements and other official publications

- b. bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Organisation
- c. bills, invoices, receipts and letters of credit of the Organisation.

DISPUTES

101. A dispute which arises out of these Rules between the Organisation and:

- a. a member; or
- b. any former member who membership has ceased within the previous six months

can be referred to mediation conducted by a mediator appointed by the Centre for Effective Dispute Resolution on application by either party. The costs of the mediation shall be borne as the mediator directs.