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Our ref: 4038/APP/RS

10 February 2015

Dear Secretary

### **Registration of Coastal Producer Organisation Limited**

Please find enclosed a certificate of registration attached to the society's registered rules.

The society's register number is **4038**. Please quote this number when contacting us.

### **Annual Return**

Your society will be required to submit an annual return (AR30) and accounts every year. The first annual return should cover the period from **10 February 2015 to 30 March 2016**.

The annual return and accounts must be submitted within 7 months of the end of the society's financial year.

### **Fees**

Your society must pay an annual fee to us. The amount you pay is based on the total assets of the society (as disclosed in the annual return for the preceding year). Invoices are usually sent out in September.

### **More information**

Visit <http://www.fca.org.uk/mutuals>. Or if you have any queries please email [mutual.societies@fca.org.uk](mailto:mutual.societies@fca.org.uk) or phone 0300 500 0597

Yours faithfully

A handwritten signature in black ink, appearing to read 'Rebecca Smith', is positioned above the printed name.

Rebecca Smith  
**Mutuals Team**

Form B  
R/IP/RA/2



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25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

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## **CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014**

The FCA acknowledges the registration of the following society under the Co-operative and Community Benefit Societies Act 2014 as a **Co-operative Society**:

Society name: **Coastal Producer Organisation Limited**

Registration number: **4038**

Registration date: **10 February 2015**



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## Co-operative and Community Benefit Societies Act 2014

### Rules of

### Coastal Producer Organisation Limited

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#### NAME

1. The name of the society shall be Coastal Producer Organisation Limited.

#### REGISTERED OFFICE

2. The registered office of the society shall be at: Co-operative Futures, City Works, Alfred Street, Gloucester, GL1 4DF.

#### INTERPRETATIONS

3. In these rules:

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

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

**"Fishery and Aquaculture Products/Producers"** means the producers of and/or products of fisheries and aquaculture and products of first-stage processing directly related to these products;

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

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

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

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

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

**"Co-operative Principles"** are the principles defined in the International Co-operative Alliance Statement of Co-operative Identity. The principles are those of voluntary and open membership, democratic member control, member economic participation,

autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community;

**"Days"** includes Monday to Sunday, statutory and bank holidays;

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

**"Document"** includes, unless otherwise stated, any document sent or supplied in electronic form;

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

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

**"Extraordinary Resolution"** means, a resolution passed by a majority of not less than 75% of votes cast at a general meeting;

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

**"Member" or "Members"** has the meaning as detailed under 'Membership' in these rules;

**"Members Agreement"** means a written contract between a Member and the Co-operative under which the Member participates in the use of the facilities and services provided by the Co-operative for members;

**"Office Holder"** means a receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member's assets;

**"Officer"** has the meaning as detailed under 'Officers' in these rules;

**"Person"** means, unless the context requires otherwise, a natural person, unincorporated body, firm, partnership, corporate body or the nominee of an unincorporated body, firm, partnership or corporate body;

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

**"Regulations"** has the meaning as detailed under 'Regulations' in these rules;

**"Rules"** means these Rules;

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

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

**"Transmissible"** means shares that are transmitted to another Person on death;

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

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

## **OBJECTS**

4. The objects of the Co-operative shall be to carry on for the benefit of Members any trade, business or service and in particular to carry out the business of a co-operative association of Fishery and Aquaculture Producers by any or all of the following means:
- (a) Marketing for Fishery and Aquaculture Products produced by them;
  - (b) Supplying to, or acquiring for Members goods or services required for the production of Fishery and Aquaculture Products;
  - (c) Providing to Members any other services or providing any other facilities in connection with their fishery and aquaculture businesses, including the making of advances of money to Members for fishing and aquaculture purposes

In carrying out its objects, the Co-operative shall abide by the internationally recognised co-operative values and Co-operative Principles as defined by the International Co-operative Alliance.

In carrying out its objects, the Co-operative shall pursue the objectives of the Common Fisheries Policy and the Common organisation of the markets in Fishery and Aquaculture Products.

## **POWERS**

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

## **BORROWING**

6. The Co-operative shall have the power to borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000.
7. The Co-operative shall have the power to mortgage or charge any of its property including the assets and undertakings of the Co-operative, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Co-operative or its customers or Persons having dealings with the Co-operative.
8. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or

local authority, shall not exceed 5% per annum or 2% above the Bank of England's base rate at the commencement of the loan, whichever is the greater.

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

#### **Borrowing from Members**

10. Subject to any contrary provision(s) in the Members Agreement, the interest paid by the Co-operative on money borrowed from Members shall not exceed such rate as is necessary to attract and retain the capital required to further the Co-operative's objects.

#### **FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY**

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

#### **INVESTMENT OF FUNDS**

12. The Co-operative may invest any part of its funds:
- (a) In the manner set out in Section 27 of the Act permitting the Co-operative to invest in any security authorised by these Rules;
  - (b) By making loans or advances or giving credit to members for the purposes of their fishery and aquaculture production businesses on such security (if any) and on such terms as the Board shall decide.

#### **MEMBERS**

13. The first Members of the Co-operative will be the Founder Members. The Co-operative may admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership that is a Fishery and Aquaculture Producer that wishes to use the services of the Co-operative and has agreed to become party to a Members' Agreement.

#### **Applications for Membership**

14. No natural person shall be admitted into membership of the Co-operative unless they have attained the age of 16. All those wishing to become a Member must support the objects of the Co-operative and complete an application for membership which shall include an application for at least one share in the Co-operative. Such an application form must be approved by the Directors and the Directors must approve each application for membership.
15. A corporate body which is a Member shall by resolution of its governing body appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the corporate body would exercise if it were an individual person. Each such corporate body Member shall supply notification in Writing to the Co-operative of its choice of representative.



### **Termination of Membership**

16. A Member shall cease to be a Member of the Co-operative immediately that they:
- (a) Are no longer eligible for membership; or
  - (b) Cease to be party to a Members' Agreement at which point s/he/they will no longer be eligible to be a Member of the Co-operative; or
  - (c) Fail to hold the minimum shareholding; or
  - (d) Are expelled from membership in accordance with these Rules; or
  - (e) Die, are wound up or go into liquidation.

### **Expulsion from Membership**

17. A Member may be expelled for conduct deemed by the Board to be prejudicial to the Co-operative by the Board, provided that the Member has been given 28 days' notice specifying the date, time and place at which the meeting is to be held, setting out the grounds for expulsion and notifying the said Member of their opportunity to attend the meeting and to make representations to the meeting. In the notice the Board may suspend the other rights of membership of that Member under these Rules until that meeting has been held.
18. At the Board meeting, after considering any written representation submitted by the said Member to the Secretary not less two days prior to the date of the meeting and any oral representations which the Member may wish to make to the meeting, the Board shall vote on a resolution to expel the member from membership of the Society. The resolution is passed and the said Member is expelled immediately if a majority of not less than 75% of Directors present, including those not present in Person, vote in favour of the expulsion.
19. On expulsion from membership, a Person's Members' Agreement shall terminate immediately and the Co-operative shall not be liable for any loss, injury or damage caused to that Person by the expulsion or termination of the Members' Agreement, but both parties shall remain liable to pay any moneys due under it on, or after termination.
20. A Person expelled from membership shall not be readmitted except by a resolution of the Board at a Board meeting passed by a majority of not less than 75% of Directors present, including those not present in person, vote in favour of the resolution.

### **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

21. Upon a claim being made by:
- (a) The personal representative of a deceased Member, or
  - (b) The trustee in bankruptcy of a Member who is bankrupt; or

- (c) The Office Holder to any property in the Co-operative belonging to such a Member the Co-operative shall transfer or pay property to which the Office Holder has become entitled as the Office Holder may direct them.
22. If, within three months after the date of death of a Member who is a sole trader, the personal representative makes an application to the Board for the transmission of the share held by that Member, then the Board shall decide at its discretion whether to accept or reject the application. If the Board accepts the application then the personal representative shall be entered in the Register of Members as the holder of that share and shall be taken to be a party to an identical Members' Agreement to the one to which the Member was a party on that date for the remainder of its term and shall be taken to have ratified every contract purporting to have been made under the agreement by the Co-operative on behalf of the Member of the Member's estate prior to the acceptance into membership of the personal representative.
23. If, within three months after the date of dissolution of a Member which is a corporate body, a person who was a member of that corporate body immediately before its dissolution makes an application to the Board for the share held by that corporate body to be transmitted to them, then the Board shall decide at its discretion whether to accept or reject the application. If the Board accepts the application then that person shall be entered in the Register of Members as the holder of that share and shall be taken to be a party to an identical Members' Agreement to the one to which the corporate body was a party on that date for the remainder of its term and shall be taken to have ratified every contract purporting to have been made under the agreement by the Co-operative on behalf of the person prior to their acceptance into membership.

#### **Share Capital**

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

#### **GENERAL MEETINGS**

25. The Co-operative shall, within six months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notices calling it.
26. The business of an annual general meeting shall comprise, where appropriate:
- (a) The receipt of the accounts and balance sheet and of the reports of the Board and Auditor (if any).
  - (b) The appointment of an Auditor, if required.

- (c) The election of the Board or the results of the election if held previously by ballot.
- (d) The application of surplus.
- (e) The transaction of any other business included in the notice convening the meeting.

#### **Calling a General Meeting**

- 27. The Secretary, at the request of the Board of Directors may convene a general meeting of the Co-operative. The purpose of the general meeting shall be stated in the notice of the meeting.
- 28. The Board of Directors upon an application signed by one-tenth of the total number of Members, or 50 Members, whichever is the lesser, delivered to the registered office of the Co-operative, shall convene a general meeting. The purpose of the general meeting shall be stated in the application for and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
- 29. If within one month from the date of the receipt of the application the Board have not convened a general meeting to be held within six weeks of the application, any three Members of the Co-operative acting on behalf of the signatories to the application may convene a general meeting, and shall be reimbursed by the Co-operative for any costs incurred in convening such a meeting.

#### **Notices**

- 30. The Directors shall call all general meetings giving 14 Clear Days' notice to all Members. Notices of meetings shall either be given to Members personally or sent to them at their Address or alternatively, if so agreed by the Co-operative in general meeting, notices of general meetings may be displayed conspicuously at the registered office and in all other places of business of the Co-operative to which Members have access. Notices shall specify the date, time and place at which the meeting is to be held, and the business which is to be transacted at that meeting. A general meeting shall not transact any business other than that specified in the notices calling the meeting.
- 31. A general meeting not convened in accordance with the rule immediately above shall be deemed to have been properly convened if all the Members of the Co-operative are present including those not present in Person, or by proxy and agree that the meeting shall be deemed to have been properly convened.
- 32. A notice sent to a Member's Address shall be deemed to have been duly served 48 hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.
- 33. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions.

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

#### **Quorum**

35. No business shall be transacted at a general meeting unless a quorum of Members is present, including those not present in Person. Unless amended by Extraordinary Resolution, a quorum shall be 3 Members or 10% of the membership, whichever is the greater.

#### **Chairing General Meetings**

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

#### **Attendance and Speaking at General Meetings**

37. A Member is able to exercise the right to speak at a general meeting and is deemed to be in attendance when that Person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a general meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with each other.
38. The chairperson of the meeting may permit other persons who are not Members of the Co-operative to attend and speak at general meetings, without granting any voting rights.

#### **Adjournment**

39. If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chairperson must adjourn the meeting. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum.
40. The chairperson of a general meeting may adjourn the meeting whilst a quorum is present if:
- (a) The meeting consents to that adjournment; or
  - (b) It appears to the chairperson that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.

41. When adjourning a meeting the chairperson must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.
42. If the meeting is adjourned for 14 Days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
43. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

#### **Voting**

44. Each Member shall have one vote on any question to be decided in general meeting. A Member who is absent from a general meeting may appoint the chairperson or any other Person to act as their proxy, provided that no Person (excluding the chairperson) shall hold a proxy for more than 10% of the Members at any one time in any general meeting.
45. A resolution put to the vote at a general meeting shall be decided on a show of hands unless a paper ballot is demanded in accordance with these Rules. A declaration by the chair that a resolution has on a show of hands been carried or lost with an entry to that effect recorded in the minutes of the general meeting shall be conclusive evidence of the result. Proportions or numbers of votes in favour for or against need not be recorded.
46. In the case of an equality of votes, whether on a show of hands or a poll, the chairperson shall have a second or casting vote.

#### **Paper Ballot**

47. A paper ballot on a resolution may be demanded before or on the declaration of the result of the show of hands by three Members at a general meeting.
48. If a paper ballot is duly demanded it shall be taken in such a manner as the chairperson directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
49. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.

#### **Resolutions**

50. Decisions at general meetings shall be made by passing resolutions.
  - (a) The following decisions must be made by Extraordinary Resolution:
    - (i) Any amendment to the Co-operative's Rules;
    - (ii) The decision to wind up the Co-operative.

- (b) The following decision must be made by special resolution in accordance with the procedures set out in these Rules:
  - (i) amalgamate with or transfer the Co-operative's engagements to any other society;
  - (ii) amalgamate with or transfer the Co-operative's engagements to a company or convert itself into a company
- (c) All other decisions shall be made by ordinary resolution.

- 51. An Extraordinary Resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority (51%) of votes cast.
- 52. Resolutions may be passed at general meetings or by written resolution. A written resolution may consist of several identical Documents signed by one or more Members.

### **DIRECTORS**

- 53. The Co-operative shall have a Board of Directors comprising not less than three Directors.
- 54. The initial Directors of the Co-operative from registration until the first annual general meeting shall be appointed by the Founder Members.
- 55. Only Members of the Co-operative who are aged 18 years or more may serve on the Board of Directors.
- 56. The Board of Directors shall be elected by and from the Co-operative's Members. The maximum number of Directors serving on the Board shall be determined by a general meeting of the Co-operative from time to time.

### **Retirement Cycle**

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

### **Co-option of Directors**

- 58. In addition the Board of Directors may co-opt employees and/or external independent Directors who need not be Members and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed period determined by the Board of Directors at the time of the co-option, subject to a review at least every 12 months and at no time shall external independent Directors comprise a majority of the Board. External independent Directors may be removed from office at any time by a resolution of the Board of Directors.

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

#### **Board Education and Training**

60. On election to the Board, a Director must agree to undertake training during their first year of office as deemed appropriate by the Co-operative. This training will include information on the roles and responsibilities of being a Director of a society which is also a co-operative.

#### **Powers and Duties of the Board of Directors**

61. The business of the Co-operative shall be managed by the Board who may exercise all such powers of the Co-operative as may be exercised and done by the Co-operative and as are not by statute or by these Rules required to be exercised or done by the Co-operative in general meeting.
62. All decisions made by a meeting of the Board of Directors or by any person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director.
63. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Co-operative shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct.
64. Without prejudice to its general powers, the Board may exercise all the powers of the Co-operative to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Co-operative or of any third party.
65. No Regulation made by the Co-operative in general meeting shall invalidate any prior act of the Board which would have been valid had that Regulation not been made.
66. The Board of Directors shall not be entitled to sell or otherwise dispose of assets (in a single transaction or series of transactions) equivalent in value to one-third or more of the total value of the last published balance sheet of the Co-operative without the approval of the Members by Extraordinary Resolution.

#### **Delegation**

67. Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules to any Person or committee consisting of Members of the Co-operative, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.
68. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
69. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

### **Executive Appointments**

70. The Directors may appoint one or more Directors to the office of Managing Director or any other executive office of the Co-operative, who in their view have appropriate skills and experience of benefit to the Co-operative in addition to the duties of a company director. The terms and conditions and remuneration of such an appointment shall be agreed between the Board and the appointee at the time of the appointment.
71. Under the provisions of these Rules any appointment to an executive office shall be terminated if the appointee ceases to be a Director of the Co-operative and vis-à-vis any director's appointment shall be terminated in the event of the termination of an executive office, but shall be without prejudice to any claim for damages for breach of contract between the appointee and the Co-operative.

### **Sub-Committees**

72. A sub-committee to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Rules which govern the taking of decisions by Directors.
73. The Directors may make Regulations for all or any sub-committees, provided that such Regulations are not inconsistent with these Rules.
74. All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Calling a Meeting of the Board of Directors**

75. Any Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must indicate the date, time and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with each other.

### **Proceedings of a Meeting of the Board of Directors**

76. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, provided that once in every calendar year a Board meeting is held at which Directors are required to be physically present.
77. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.
78. Questions arising at any meetings of the Board shall be decided by a majority of votes. In the case of an equality of votes the chairperson shall have a second or casting vote.



79. A written resolution, circulated to all Directors and signed by a simple majority (51%) of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.
80. The Board of Directors may, at its discretion, invite other persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum.

#### **Quorum**

81. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors or 3 Directors, including those not present in person, whichever is the greater.
82. If at any time the total number of Directors in office is less than the quorum required, the Directors are unable to take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

#### **Chairing Board Meetings**

83. The Directors shall appoint one of their number as the chairperson to Chair meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairperson for that meeting. The chairperson appointed to facilitate meetings of the Board of Directors shall be the chairperson of the Co-operative and shall also facilitate general meetings. The appointment of a chairperson shall be the first item of business at the meeting.

#### **Declaration of Interest**

84. A Director shall declare an interest in any contract or matter in which s/he has a personal, material or financial interest, whether directly or indirectly.

#### **Expenses**

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

#### **Termination of a Director's Appointment**

86. A person ceases to be a Director of the Co-operative as soon as:
- (a) That person ceases to be a Member of the Co-operative (unless they are a external independent Director or employee co-opted under these Rules );
  - (b) Where the individual is the representative of a Member organisation, that Member organisation removes their endorsement of that representative;
  - (c) Where the person is the representative of a Member organisation that Member organisation ceases to exist;

- (d) That person has not traded with the Co-operative for a period of 1 year; or where that person is the representative of a Member organisation and that Member organisation has not traded with the Co-operative for a period of 1 year;
- (e) That person is in breach of their Members' Agreement, or where that person is the representative of a Member organisation that Member organisation is in breach of its Members' Agreement;
- (f) That person has given notice to the Co-operative of the termination of their Members' Agreement, or where that person is the representative of a Member organisation that Member organisation has given notice to the Co-operative of the termination of their Members' Agreement;
- (g) That person resigns from office in Writing to the Secretary of the Co-operative, and such resignation has taken effect in accordance with its terms;
- (h) That person is removed from office by an ordinary resolution of the Co-operative in general meeting, the notices for which specified that the question of the Director's removal was to be considered;
- (i) That person is absent from 3 meetings of the Board of Directors during a continuous period of 12 months without special leave of absence granted by the Board of Directors and the Directors pass a resolution that s/he has by reason of such absence vacated office;
- (j) That person, in the opinion of the other Directors and recorded by a resolution of the Board, trades in competition with the Co-operative, whether as a sole trader or in partnership, or is a director of, or holds a controlling interest in, a corporation which competes in business with the Co-operative, or is an employee or agent of a proprietor, partnership or corporation which so competes;
- (k) That person is prohibited from being a Director by law;
- (l) That person is disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);
- (m) A bankruptcy order is made against that person;
- (n) in the written opinion, given to the Society, of a registered medical practitioner treating that person, has become physically or mentally incapable of acting as a Director and may remain so for more than three months.

## **OFFICERS**

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

## **DISPUTES**

88. In the event of a dispute between the Co-operative or its Board and a Member of the Co-operative or a former Member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK (or any role or body that succeeds to its function). The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the county court (or in Scotland, to the sheriff). The arbitrator will decide how the costs of the arbitration will be paid.

## **REGULATIONS**

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

## **LIABILITY OF MEMBERS**

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

## **APPLICATION OF SURPLUS**

91. A general meeting of the Co-operative may, on the recommendation of the Board, decide that part or whole of the surplus for any accounting year, after payment of all outgoings and expenses for that year shall be distributed to Members, subject to any specific provisions in the Members' Agreement, in proportion to the use made by them during that year of the facilities provided by the Co-operative, provided that no Person who ceased to be a Member more than three years before the beginning of the accounting year in which the distribution is decided shall be entitled to participate in it.
92. Any distribution of surplus to a Member may be made by any method agreed by the Board, including by BACS, cheque sent by ordinary post to that Member at the address given in the Register of Members. The Co-operative shall not be liable for any loss resulting from choosing to make the distribution by this method.

## **RESERVES**

93. The Board may, prior to their recommendation of the distribution of surplus for any accounting year, put to reserve such sum as they think fit. If provided for by Members' Agreements, all, part or none of that sum may be allocated:
- (a) to the general reserve of the Co-operative
  - (b) to Members' capital accounts

- (c) to the bonus contingency reserve, being recorded as attributable to the Members in proportion to the charges paid by them under Members' Agreements in respect of services during that year.
94. If the Co-operative makes a deficit in any accounting year then as provided for by Members Agreements all, part or none of the reduction in reserves may be allocated:
- (a) to the general reserve of the Co-operative;
  - (b) to Members' capital accounts
  - (c) to the bonus contingency reserve, being recorded as attributable to the Members in proportion to the charges paid by them under Members Agreements in respect of services during that year.
95. The sum recommended by the Board for a distribution of surplus under these Rules may be reduced in a general meeting of the Co-operative, but shall not be increased.
96. Members and former Members shall have such rights and obligations in relation to the allocated reserves (if any) as are specified in Members Agreements. All sums put to reserve may be utilised in the business of the Co-operative or invested as authorised by these Rules.
97. Subject to the provisions under these Rules and the Act, the Co-operative shall not otherwise distribute any surplus income to Members.

#### **AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION**

98. The Society may, by special resolution passed in the way required by section 111 of the Act, amalgamate with, or transfer its engagements to another registered society. The Society may also accept a transfer of engagements and assets by a resolution of the Board or by general meeting.
99. The Society may, by a special resolution passed in a way required by section 113 of the Act, amalgamate with, or transfer its engagements to, or convert to a company. In relation to calling a general meeting for the purpose of such resolution, the following provisions shall apply:
- (a) The Society shall give to Members not less than two months' notice of the meeting;
  - (b) Notice of the meeting shall be posted in a prominent place at the registered office and at all trading premises of the Society to which Members have access;
  - (c) The notice shall be accompanied by a separate statement setting out for Members:
    - (i) the reasons for the proposal;
    - (ii) whether the proposal has the support of the Board of the Society;
    - (iii) what alternative proposals have been considered, and whether they are viable;

- (iv) details of the number of shares in the Society held by Members of the Board, and Persons connected with them;
  - (v) a recommendation by reputable independent financial advisors that the Members should support the proposal rather than any alternative proposal.
- (d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where Members can obtain a copy of the Document.

## **DISSOLUTION**

100. The Society may be dissolved:

- (a) in accordance with section 119 of the Act by an instrument of dissolution;
- (b) in accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the insolvency Act 1986; or
- (c) in accordance with section 125 of the Act, after administration and administrator issues a notice to dissolve the society without prior winding-up.

101. The Co-operative is a co-ownership enterprise. In the event of the winding up or dissolution of the Co-operative the liquidator shall first, according to law, use the assets of the Co-operative to satisfy its debts and liabilities, which shall include payments to Members of any sums which are payable to them under Members' Agreements by reference to allocated reserves or otherwise. Any balance of assets remaining may be distributed among the Members and those Persons who were Members at any time during the three years prior to the date on which the Co-operative decide to wind up. Distribution shall be in proportion to the relative contribution made by Members and past Members during the three years prior to the winding up of the Co-operative, and subject to any specific provisions in the Members' Agreement, such distribution shall be in proportion to their use of the Co-operative's services during the period in which they were a Member of the Co-operative.

## **ADMINISTRATIVE ARRANGEMENTS**

### **Means of Communication**

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

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

### **Seal**

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

#### **Registers**

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

#### **Register of Members**

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

#### **Register of Directors and Officers**

107. The Co-operative shall maintain a register of Directors and Officers which shall include the following particulars:
- (a) Name of the Director;
  - (b) Address of the Director;
  - (c) The date on which they assumed office;
  - (d) The date on which they vacated office; and
  - (e) The position held by a Director if s/he is also an Officer and the date on which the Director assumed and vacated his/her Officer position.

#### **Amendments to Rules**

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

#### **Copies of the Co-operative's Rules**

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

#### **Minutes**

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

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

#### **Annual Return**

111. Every year and within the period prescribed by the Act, the Secretary shall send the annual return in the prescribed form to the Registrar. The annual return shall be accompanied by:
- (a) A copy of the Auditor's report on the Co-operative's accounts for the period covered by the annual return or a copy of such other report (if any) as is required by statute for such a period; and
  - (b) A copy of each balance sheet made during that period and report of the Auditor or other appropriate person as required by statute on that balance sheet.
112. The Co-operative shall on demand supply free of charge to any Member or any person with an interest in the funds of the Co-operative a copy of the latest annual return together with a copy of the Auditor's report on the accounts and balance sheet contained in the annual return and the Auditor's report (if any)
113. The Co-operative shall at all times keep a copy of the latest balance sheet of the Co-operative together with a copy of the corresponding Auditor's report (if any) hung up in a conspicuous place at the registered office and displayed on the Co-operative's website (if any).

#### **Audit**

114. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act, to audit the Society's accounts and balance sheet for the year. This provision also applies if the Society is in its first financial year.
115. The following persons shall not be appointed as Auditor of the Co-operative:
- (a) An Officer or Employee of the Co-operative;
  - (b) A person who is a partner or employee of, or who employs, an Officer of the Co-operative.
116. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
117. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Co-operative for the current financial year unless:
- (a) A decision has been made by the Board to appoint a different Auditor or expressly decided that s/he shall not be re-appointed; or

- (b) S/he has given notice in writing to the Secretary of her/his unwillingness to be re-appointed; or
  - (c) S/he is ineligible for appointment as Auditor of the Co-operative for the current financial year; or
  - (d) S/he has ceased to act as Auditor of the Co-operative by reason of incapacity.
118. Any ordinary resolution of a general meeting of the Co-operative either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Co-operative at least 28 Days prior to the meeting at which the resolution is to be considered. At least 14 Days' notice of such resolution stating the reasons for the removal must then be given to Members of the Co-operative in the manner prescribed in these Rules and in Writing to the Auditor(s).

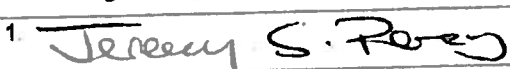
#### Social Accounting and Reporting

119. In addition to any financial accounts required by the Act, the Members may resolve by ordinary resolution to undertake an account of the activities of the Co-operative which will endeavour to measure its co-operative, social and environmental performance using whatever methodology the Members deem appropriate. Following the completion of such an account the Co-operative shall report any findings to its Members and other stakeholders.


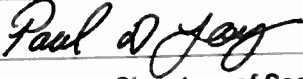

#### Indemnity and Insurance

120. Subject to the following rule, any Director or former Director of the Co-operative may be indemnified out of the Co-operative's assets against:
- (a) Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Co-operative;
  - (b) Any liability incurred by that Director in connection with the activities of the Co-operative in its capacity as a trustee of an occupational pension scheme;
  - (c) Any other liability incurred by that Director as an Officer of the Co-operative.
121. The above rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
122. The Directors may decide to purchase and maintain insurance, at the expense of the Co-operative, for the benefit of any Director or former Director of the Co-operative in respect of any loss or liability which has been or may be incurred by such a Director in connection with their duties or powers in relation to the Co-operative or any pension fund or employees' share scheme of the Co-operative.

- Accepted as a model by the Financial Conduct Authority 2014 v.1 -

Signatures of Founder Members	Full Names of Founder Members in BLOCK CAPITALS (no initials)
<sup>1</sup> 	JEREMY SPENCER PERCY



2.		DAVID CUTHBERT
3.		PAUL DESMOND JOY
	Signature of Secretary	Full Name of Secretary in BLOCK CAPITALS (no initials)
1.		DAVID CUTHBERT

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