

**Industrial and Provident Societies Act 1965**  
**Rules of**  
**EXPLORE LIBRARIES AND ARCHIVES MUTUAL LIMITED**

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**NAME**

1. The name of the society shall be Explore York Libraries and Archives Mutual Limited.

**REGISTERED OFFICE**

2. The registered office of the society shall be at Explore York Libraries and Archives, Library Square, York, YO1 7DS.

**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 Industrial and Provident Societies Act 1965 or any Act or Acts amending or in substitution of it or them for the time being in force.

**"Auditor"** means a person eligible for appointment as a company auditor under section 25 of the Companies Act 1989.

**"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.

**"Community Member"** has the meaning given in Rule 13;

**"Connected Person"** means the spouse, civil partner, child, step-child, parent, grandparent, grandchild, brother, sister or other person in a relationship with a director, which may reasonably be regarded as equivalent to such a relationship, or any company or business controlled or managed by a director and includes a trustee of any trust, the beneficiaries of which include a Connected Person.

**"Director"** means a director of the society and includes any person occupying the position of director, by whatever name called.

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

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

**"Extraordinary Resolution"** means, unless the context requires otherwise, those decisions requiring an Extraordinary Resolution as detailed under 'Resolutions' in these rules.

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

**"Library Member"** means any Person who has a York Library membership card or Yorkcard or any other Person admitted as a Library Member by the Society.

**"Member" and "Members"** have the meaning as detailed under Rule 12;

**"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 Services Authority (FSA) 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 society.

**"Staff Director"** has the meaning as detailed under Rule 59b.

**"Staff Member"** has the meaning as detailed under Rule 14.

**"Society" or "Society"** means the above-named society.

**"Total Vote"** means the sum of the Community Member votes and Staff Member votes cast on a poll at a general meeting or by written resolution after the multipliers specified in Rule 47 and Rule 48 have been applied.

**"Transferable"** means shares that are transferable to another Person who also qualifies for membership of the Society in accordance with these Rules.

**"Withdrawable"** means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Society.

**"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.

**"York Library"** means the public library service offered through a range of buildings, activities and vehicles by the Society.

**"York Library Employees"** means the part- and full-time employees of York Library from time to time.

## **OBJECTS**

4. The objects of the Society shall be to carry on business for the benefit of the community by:

- (a) Advancing education, culture, arts, heritage and history for the public benefit particularly (without limitation) by providing and maintaining library, archive, learning and related services for the people of York and the surrounding area; and
- (b) Providing for the public benefit facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large, in the interests of social welfare and with the object of improving the condition of life of such people.

## **POWERS**

5. The Society may do all such lawful things as may further the Society's objects and, in particular, may borrow or raise funds for any purpose that is beneficial to the Society.

## **BORROWING**

6. The Society 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 Society shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.
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 Co-operative Bank's base rate at the commencement of the loan, whichever is the greater.

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

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

10. For the avoidance of doubt the Society 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**

11. The Society may invest any part of its funds in the manner set out in Section 31 of the Act.

#### **MEMBERS**

12. The first Members of the Society will be the Founder Members (who are also Staff Members). Any subsequent Member of the Society shall be either:
  - (a) a Community Member; or
  - (b) a Staff Member.
13. A Community Member shall be any Library Member who supports the objects of the Society and has completed an application for membership in such form as the Board shall from time to time prescribe and has paid or agreed to pay any subscription or other sum due from Community Members for the time being in force, that has been accepted as a Community Member by the Board, at its sole discretion.
14. Subject to Rules 12 and 15, the York Library Employees from time to time shall be the only Staff Members of the Society.

#### **Application to opt out of Staff Membership**

15. Any person who would by virtue of Rule 14 be a Staff Member may elect to not be a Staff Member by completing an application to opt out of being a Staff Member, in such form as the Board shall from time to time prescribe.

#### **Applications for Membership**

16. No natural person shall be admitted into membership of the Society unless they have attained the age of 16. All those wishing to become Community Members must support the objects of the Society and complete an application for membership in accordance with Rule 13 which shall include an application for at least one share in the Society. The Board may at its sole discretion refuse to admit any person into the membership of the Society.
17. 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 Society of its choice of representative.

### **Member Commitment**

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

### **Termination of Membership**

19. A Member shall cease to be a Member of the Society immediately that they:
- (a) Fail to hold the minimum shareholding; or
  - (b) Fail to pay the annual subscription (if any) within 3 months of it falling due; or
  - (c) Resign in Writing to the Secretary; or
  - (d) Are expelled from membership in accordance with these Rules; or
  - (e) Die, are wound up or go into liquidation; or
  - (f) if they are a Staff Member, cease being a York Library Employee.

### **Expulsion from Membership**

20. A Member may be expelled for conduct prejudicial to the Society by an Extraordinary Resolution, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the Member whose expulsion is to be considered shall be given the opportunity to make representations to the meeting or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Society) has been allowed to make representations to the general meeting.
21. If on due notice having been served the Member fails to attend the meeting the meeting may proceed in the Member's absence. No Member expelled from membership shall be re-admitted except by an Extraordinary Resolution.

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

22. 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 Society belonging to such a Member, the Society shall transfer or pay property to which the Office Holder has become entitled as the Office Holder may direct them.

23. A Member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Society at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a Member

who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the individual or individuals entitled thereunder.

### **Share Capital**

24. The shares of the Society shall be of the nominal value of £1 issued to Persons upon admission to membership of the Society. The shares shall be fully paid prior to issue and shall be non-Transferable except (in the case of an unincorporated organisation or partnership) on a change of nominee(s) and only to the new nominee(s), nor Withdrawable, shall carry no right to interest, dividend or bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause, and the amount paid up on such cancelled shares shall become the property of the Society. Each Member shall hold one share only in the Society.

### **GENERAL MEETINGS**

25. The Society shall, within six months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notice calling it.
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 profits.
  - (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 Society. 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 100 Members, whichever is the lesser, delivered to the registered office of the Society, 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 Society acting on behalf of the signatories to the application may convene a general meeting and shall be reimbursed by the Society for any costs incurred in convening such a meeting.

## Notices

30. The Directors shall call the annual general meeting giving 14 Clear Days' notice to all Members. All other general meetings shall be convened with at least 14 Clear Days' notice but may be held at shorter notice if so, agreed in Writing by 90% of the Members.
31. Notices of meetings shall either be given to Members personally or sent to them at their Address or alternatively, if so, agreed by the Society in general meeting, notices of general meetings may be displayed conspicuously at the registered office and in all other places of business of the Society 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.
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 Society has appointed an Auditor in accordance with these Rules, they shall be entitled to attend general meetings of the Society and to receive all notices of and communications relating to any general meeting which any Member of the Society 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

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| 35. No business shall be transacted at a general meeting unless a quorum of Members is present which shall include those Members not present in Person. Unless amended by Extraordinary Resolution, a quorum shall be |
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| (a) 2 Community Members and 2 Staff Members; or  |
| (b) 2 Community Members and 5% of Staff Members, |
| whichever is the greater.                        |

## Chairing General Meetings

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

## Attendance and Speaking at General Meetings

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 Society 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. The chairperson must adjourn the meeting if directed to do so by the meeting.
42. 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.
43. 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.
44. 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**

45. A resolution put to the vote at a general meeting shall be decided on a poll taken in such a manner as the chairperson directs, provided that no Member shall have more than one vote and only the votes of Members in attendance at the general meeting shall count. The result of the poll shall be deemed to be the resolution of the meeting.
46. On any poll at a general meeting, the votes cast by Community Members shall amount to two thirds of the Total Vote and the votes cast by Staff Members shall amount to one third of the Total Vote. Multipliers shall be applied to ensure these proportions in accordance with Rules 47 and 48.



47. For the percentage of votes cast by Community Members for and against a resolution, the following multiplier shall be applied:

$$\% \text{ for/against vote} \times \frac{2}{3}$$

48. For the percentage of votes cast by Staff Members for and against a resolution, the following multiplier shall be applied:

$$\% \text{ for/against vote} \times \frac{1}{3}$$

49. The percentage of the Total Vote in favour of a resolution shall be the sum of:
- (a) the percentage of votes of Community Members in favour of the resolution with the multiplier in Rule 47 applied; and
  - (b) the percentage of votes of Staff Members in favour of the resolution with the multiplier in Rule 48 applied.
50. The percentage of the Total Vote against a resolution shall be the sum of:
- (a) the percentage of votes of Community Members against the resolution with the multiplier in Rule 47 applied; and
  - (b) the percentage of votes of Staff Members against the resolution with the multiplier in Rule 48 applied.
51. In the case of an equality of votes, the chairperson shall not have a second or casting vote and the resolution shall be deemed to have been lost.

### **Resolutions**

52. Decisions at general meetings shall be made by passing resolutions:
- (a) The following decisions must be made by Extraordinary Resolution:
    - (i) Decisions to expel Members.
    - (ii) Any amendment to the Society's Rules.
    - (iii) The decision to wind up the Society.
  - (b) All other decisions shall be made by ordinary resolution.
53. An Extraordinary Resolution is one passed where the Total Vote in favour is not less than 75% at a general meeting and an ordinary resolution is one passed where the Total Vote in favour is a simple majority (51%).
54. Resolutions may be passed at general meetings or by written resolution, provided that the percentage of the total votes for and against the resolutions is calculated in accordance with Rules 49 and 50. A written resolution may consist of several identical Documents signed by one or more Members.

## **DIRECTORS**

55. The Society shall have a Board of Directors comprising not less than three Directors.
56. The initial Directors of the Society from registration until the first annual general meeting shall be appointed by the Founder Members.
57. No Employee of the Society shall serve on the Board except in accordance with Rule 59b and Rule 59d.
58. Only persons of the Society who are aged 18 years or more may serve on the Board of Directors.

### **Board Composition**

59. The composition of the Board, shall be as follows:
  - (a) 3 Directors elected by and from the Society's Community Members by simple majority of the Community Members
  - (b) 1 Director elected by and from the Society's Staff Members by simple majority of the Staff Members as the holder of the office of Staff Director
  - (c) 1 Director as representative appointed by City of York Council (or any body that succeeds to its function), who shall not be a City of York Council councillor
  - (d) A person appointed as a Director ex officio the holder of the office of Chief Executive Officer of the Society and
  - (e) 3 non-executive Directors appointed to the Board by co-option in accordance with Rule 61. Co-opted Directors are to be selected by the Board of Directors for their particular skills and/or experience.

For the avoidance of doubt, the above Directors do not need to be appointed on the same date.

### **Retirement Cycle**

60. Directors will hold office for a standard term of three years. A Director shall be eligible to stand for re-election with a limitation of two terms, so the maximum term for any Director will be six years.

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

61. The Board of Directors may co-opt up to three 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. External independent Directors may be removed from office at any time by a resolution of the Board of Directors.

62. 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 Society and will hold office as a Director only until the next annual general meeting.
63. At no time must the number of co-opted individuals comprise more than one-third of the Board of Directors.

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

64. The business of the Society shall be managed by the Board who may exercise all such powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society in general meeting.
65. 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 or as a charity trustee.
66. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct.
67. Without prejudice to its general powers, the Board may exercise all the powers of the Society 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 Society or of any third party.
68. No Regulation made by the Society in general meeting shall invalidate any prior act of the Board which would have been valid had that Regulation not been made.

### **Delegation**

69. 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 Society, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.
70. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
71. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

### **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.
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 status quo shall be maintained and the Board of Directors may choose to refer the matter to a general meeting of the Society.
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 4 Directors whichever is greater and shall include those Directors not present in person.
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 chairperson shall facilitate meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairperson for that meeting.

#### **Declaration of Interest**

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, and shall not vote in respect of such contract or matter, provided that nothing shall prevent a Director voting in respect of her/his terms and conditions of employment or any associated matter.

#### **Expenses**

85. The Society's income and property shall be applied solely to the promotion of the objects of the Society and no portion shall be transferred directly or indirectly by way of dividend, bonus or otherwise whatsoever by way of profit to the Members of the Society and no Director or Connected Person may buy goods or services from the Company on terms preferential to those applicable to other members of the public, sell goods, services, any interest in land to the Society, be employed by, or receive any remuneration from the Society, or receive any other financial benefit from the Society, unless the payment is in respect of payment of 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 Society.
86. Notwithstanding Rule 85, the Society may pay reasonable remuneration to a Director for the time being under a contract of employment with the Society as the Chief Executive Officer of the Society or as the Staff Director provided that:
- (a) the procedure described in Rule 84 (Declaration of Interest) must be followed in considering the appointment of the Director and in relation to any other decisions regarding the remuneration authorised by this Rule; and
  - (b) this Rule may not apply to more than two Directors in any financial year.

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

87. A person ceases to be a Director of the Society as soon as:

- (a) That person is removed from office by a resolution of the Board of Directors, where the person is a co-opted Director appointed for their particular skills and/or experience.
- (b) That person ceases to hold that office or that office ceases to exist, where the person is a Director ex officio.

- (c) The organisation they are representing removes their endorsement of them or appoints an alternative.
- (d) The organisation they are representing ceases to exist.
- (e) That person resigns from office in Writing to the Secretary of the Society, and such resignation has taken effect in accordance with its terms.
- (f) That person is removed from office by an ordinary resolution of the Society in general meeting, the notices for which specified that the question of the Director's removal was to be considered.
- (g) That person is prohibited from being a Director by law or otherwise disqualified by law from serving as a charity trustee.
- (h) A bankruptcy order is made against that person.
- (i) A registered medical practitioner who is treating that person gives a written opinion to the Society stating that the person has become mentally incapable of acting as a Director and may remain so for more than three months.
- (j) By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

## **OFFICERS**

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

## **DISPUTES**

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

## **REGULATIONS**

90. The Society 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 Society and the proceedings and powers of the Board of Directors and sub-committees. Such Regulations (if any) shall be made available to Members. No Regulation shall be made which is inconsistent with these Rules or the Act. All Members of the Society and the Board of Directors shall be bound by such Regulations whether or not they have received a copy of them.

#### **LIABILITY OF MEMBERS**

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

#### **APPLICATION OF PROFITS**

92. The Society shall not trade for profit. Any profits generated by the Society shall be applied solely to the continuation and development of the Society.

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

93. The Society may, by special resolution passed in the way required by the Act, amalgamate with or transfer its engagements to any other charitable society with objects similar to or compatible with those of the Society. The Society may also accept a transfer of engagements and assets by resolution of the Board or of a general meeting.
94. The Society may, by special resolution passed in the way required by s52(3) of the Act, amalgamate with or transfer its engagements to a charitable company or convert itself into a charitable company under the provisions of the Act. 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.
- (e) The quorum for a meeting at which a special resolution to amalgamate with, transfer engagements to or convert into a charitable company is to be voted upon shall be 150 Members or 50% of the Members present in Person, whichever is the greater, subject to an absolute minimum of three Members.

## **DISSOLUTION**

- 95. The Society may be dissolved by the consent of three quarters of the Members by their signatures to an instrument of dissolution, or by winding up in a manner provided for by the Act.
- 96. If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the Members, but shall be transferred instead to some other charitable body or bodies with objects similar to or compatible with those of the Society as may be decided by the members at the time of or prior to the dissolution.

## **ADMINISTRATIVE ARRANGEMENTS**

### **Means of Communication**

- 97. A Member may provide their consent to receive communications from the Society by Electronic Means.
- 98. 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 Society 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**

- 99. If the Society has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Society. 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**

- 100. 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**



101. 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**

102. The Society 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**

103. 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 may be made to the Rules which shall cause the Society to cease to be a charity in law. 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 Society.

### **Copies of the Society's Rules**

104. 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**

105. The Society shall ensure that minutes are kept of all:
- (a) Proceedings at general meetings of the Society; 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**

106. 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 Society'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.
107. The Society shall on demand supply free of charge to any Member or any person with an interest in the funds of the Society 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).
108. The Society shall at all times keep a copy of the latest balance sheet of the Society 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 Society's website (if any).

### **Audit**

109. Unless the Society meets the criteria set out in section 4(2) of the Friendly and Industrial and Provident Societies Act 1968 or fulfils the exemptions set out in sub-sections 4(A) (1) and (2) of the Friendly and Industrial and Provident Societies Act 1968, the Board shall in each financial year appoint an Auditor as required by section 7 of the Friendly and Industrial and Provident Societies Act 1965 as amended, 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.
110. The following persons shall not be appointed as Auditor of the Society:
- (a) An Officer or Employee of the Society.
  - (b) A person who is a partner or employee of, or who employs, an Officer of the Society.
111. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
112. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Society 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 Society for the current financial year; or

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

113. Any ordinary resolution of a general meeting of the Society 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 Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Society in the manner prescribed in these Rules and in Writing to the Auditor(s).

### **Social Accounting and Reporting**

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

### **Indemnity and Insurance**

115. Subject to the following rule, any Director or former Director of the Society may be indemnified out of the Society'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 Society.

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

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

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

117. The Directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any Director or former Director of the Society 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 Society or any pension fund or employees' share scheme of the Society.