



**RULES of: Bristol CLT Limited**

*Registered under the Industrial &  
Provident Societies Act 1965*

**Register No.** .....

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## **PART A      NAME AND OBJECTS**

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### **Name**

- A1                    The name of the society shall be **Bristol CLT Limited** ("the Society").

### **Objects**

- A2                    The Society is a community land trust formed for the benefit of the local community as defined by Section 79 of the Housing and Regeneration Act 2008. Its objects shall be to carry on for the benefit of the local community of the specified area of the "West of England" comprising the four local authority areas around Bristol which comprise the former county of Avon the business of acquiring, holding, developing and leasing land and property for permanently affordable housing and asset based community development and the business of securing the maintenance, improvement and creation of

- amenities for the local community; and
- the wellbeing of those who live and work, or want to live and work, in the local community and,
- to enable people to build thriving, inclusive communities through the democratic ownership and stewardship of land and other assets.

The Society shall seek in the delivery of its objects to acquire and retain interests in land and property within the area of the local community and to actively manage such ownership to

- retain asset value for the benefit of the local community and ensure that the assets are not sold or developed except in a manner which the Society's members thinks benefits the local community,
- maximise asset value for the benefit of the local community, and
- recycle any gains made in dealing with the assets for the benefit of the local community,

### **Non-profit**

- A3                    The Society shall not trade for profit.

- A4                    Nothing shall be paid or transferred by way of profit nor by distribution of assets to members of the Society and the Society shall ensure that any profits from its activities will be used to benefit the local community (otherwise than being paid directly to members).

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## **PART B      POWERS OF SOCIETY, BOARD, AND MEMBERS**

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### **Powers**

- B1            The Society shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these rules.
- B2            For the avoidance of doubt, the Society shall have the power, in order to fulfil its objects, to use its assets to support other organisations to provide amenities for the local community, including voluntary organisations, parish councils, local councils, civic society organisations, schools, local health service organisations, key local employers, local shops and other organisations which the members think will be of benefit to the sustainability and wellbeing of the local community.
- B3            Without limiting its general powers the Society shall have power to:
- B3.1    take or grant any interest in land, or carry out works to buildings;
  - B3.2    help any charity or other body not trading for profit;
  - B3.3    subject to rules F13, F14, F15, F16 and F17 borrow money or issue loan stock for the purposes of the Society on such terms and on such security including floating charges as the Society thinks fit; and
  - B3.4    subject to rule F18 invest the funds of the Society.
- B4            The Society shall not have power to receive money on deposit in any way which would require authorisation under the Banking Act 1987 or any other authority required by statute unless it has such authorisation.
- B5            Pursuant to regulations made under section 1 of the Co-operatives and Community Benefit Societies Act 2003:
- B5.1    All of the Society's assets are subject to a restriction on their use.
  - B5.2    The Society must not use or deal with its assets except-
    - a)    where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;
    - b)    to pay a member of the Society the value of his withdrawable share capital or interest on such capital;
    - c)    to make a payment pursuant to Section 24 (proceedings on death of nominator), 25 (provision for intestacy) or 26 (payments in respect of mentally incapable persons) of the Industrial and Provident Societies Act 1965;

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- d) to make a payment in accordance with the rules of the Society to trustees of the property of bankrupt members or, in Scotland, members whose estate has been sequestrated;
  - e) where the Society is to be dissolved or wound up, to pay its creditors; or
  - f) to transfer its assets to one or more of the following –
    - i) A prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred.
    - ii) A community interest company;
    - iii) A registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;
    - iv) A charity (including a community benefit society that is a charity);
    - v) A body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.

B5.3 Any expression used in this rule which is defined for the purposes of regulations made under section 1 of the 2003 Act shall have the meaning given by those regulations.

#### **Powers of the board**

- B6 The business of the Society shall be directed by the board.
- B7 Apart from those powers which must be exercised in general meeting:  
B7.1 by statute; or  
B7.2 under these rules  
all the powers of the Society may be exercised by the board for and in the name of the Society.
- B8 The board shall have power to delegate, in writing, the exercise of any of its powers to committees and to employees of the Society on such terms as it determines. Such delegation may include any of the powers and discretions of the board.

#### **Limited powers of members in general meeting**

- B9 The Society in general meeting can only exercise the powers of the Society expressly reserved to it by these rules or by statute.

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## **General**

- B10 The certificate of an officer of the Society that a power has been properly exercised shall be conclusive as between the Society and any third party acting in good faith.
- B11 A person acting in good faith who does not have actual notice of any regulations shall not be obliged to see or enquire if the board's powers are restricted by such regulations.

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## **PART C MEMBERS AND GENERAL MEETINGS**

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### **Obligations of members**

- C1 All members agree to be bound by the obligations on them as set out in these rules. When acting as members they shall act at all times in the interests of the Society and, for the benefit of the community, as guardians of the objects of the Society.

### **Nature of shares**

- C2.1 The Society's share capital shall be raised by the issue of shares. Each share has the nominal value of ten pounds which shall carry no right to interest, dividend or bonus.
- C2.2 The share may be subject to an annual subscription (which may reflect the different circumstances of members) approved in general meeting. The subscription shall not exceed the cost to the Society of the provision of information and reports to members and the holding of general meetings.
- C3 Only shares held by the nominee of an unincorporated body (alone or jointly with other nominees) can be transferred and only to a new nominee (alone or jointly with other nominees).
- C4 When a member ceases to be a member or is expelled from the Society, his or her share shall be cancelled. The amount paid up shall become the property of the Society.

### **Nature of members**

- C5.1 A member of the Society is a person or body whose name and address is entered in the register of members.
- C5.2 The members shall be divided into these classes as follows:-
- the resident members
  - the community members being individuals who live or work in the local community of the specified in rule A2
  - the stakeholder members
- C5.3 A member shall belong to a class and cannot belong to more than one class but may elect which class to join if the member is eligible to join more than one class of members.

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- C5.4 The Board shall in its first meeting determine the basis for determining the right to membership of each class of member and shall publish the definitions in each annual report. Thereafter the basis for membership can only be changed in an Extraordinary General Meeting by a resolution passed by a majority of all members and a majority of the members in the class affected by any change.
- C6 The following cannot be members:
- C6.1 a minor;
- C6.2 a person who has been expelled as a member, unless authorised by special resolution at a general meeting;
- C7 A member can be the nominee of an unincorporated body. In such cases the register shall contain the name and address of the member, and shall designate the member as the nominee of a named unincorporated body. The address of the unincorporated body shall also be entered in the register if it differs from the address of the member nominee.
- C8 A corporate body can be a member. It can appoint an individual to exercise its rights at general meetings. Any such appointment shall be in writing, and given to the secretary.
- C9.1 No member shall hold more than one share and each share shall carry only one vote.
- C9.2 In any vote each class of members shall have one third of the votes. The votes of members of each class shall be counted as follows:-
- each resident member's vote equals  $N$  divided by  $R$
  - each community member's vote equals  $N$  divided by  $B$
  - each stakeholder members' vote equals  $N$  divided by  $S$
- where
- $R$  is the total number of resident members voting
  - $B$  is the total number of community members voting
  - $S$  is the total number of stakeholder members voting; and
  - $N$  equals  $R$  multiplied by  $B$  multiplied by  $S$
- C10 A share cannot be held jointly unless by nominees of an unincorporated body.

#### **Admission of members**

- C11 The board shall only admit new members in accordance with such policies as are approved at an annual general meeting of the Society.
- C12 An applicant for a share shall apply in writing to the Society's registered office:
- C12.1 setting out their reasons for applying and their qualifications in accordance with the Society's policies and in respect of the class of shareholding for which they are applying; and
- C12.2 pay the sum required to purchase a share in the Society set out in rule C2.1 (which sum shall be returned to them if the application is not approved).



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- C13 Every application shall be considered by the board in accordance with rule C11. If the application is approved the name of the applicant and the other necessary particulars shall be entered in the register of members. One share in the Society shall be issued to the applicant.

### **Ending of membership**

- C14 A member shall cease to be a member if:
- C14.1 they die; or
  - C14.2 they are expelled under rule C15; or
  - C14.3 they withdraw from the Society by giving one months notice to the secretary; or
  - C14.4 if an annual subscription is payable, they do not pay the annual subscription within six months of the demand for it being sent to them; or
  - C14.5 if no annual subscription is payable, they do not participate in, nor delivery written apologies in advance to, a general meeting of the Society in the period starting with one annual general meeting up to and including the next annual general meeting; or
  - C14.6 being a resident member, they cease permanently to occupy premises on land or in property owned by the Society; or
  - C14.7 in the case of a body corporate it ceases to be a body corporate; or
  - C14.8 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body.
- C15 A member may only be expelled by a special resolution at a special general meeting called by the board.
- C15.1 The board must give the member at least one month's notice in writing of the general meeting. The notice to the members must set out the particulars of the complaint of conduct detrimental to the Society, and must request the member to attend the meeting to answer the complaint.
  - C15.2 At the general meeting called for this purpose the members shall consider the evidence presented by the board and by the member (if any). The meeting may take place even if the member does not attend.
  - C15.3 If the resolution to expel the member is passed in accordance with this rule, the member shall immediately cease to be a member.

### **Annual general meeting**

- C16 The Society shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years.
- C17 The functions of the annual general meeting shall be:
- C17.1 to receive the annual report which shall contain:
    - the revenue accounts and balance sheets for the last accounting period

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- the auditor's report (if one is required by law) on those accounts and balance sheets
  - the board's report on the affairs of the Society
  - the board's statement of the values and objectives of the Society
  - a statement of the current obligations of board members to the board and the Society
  - a statement of the skills, qualities and experience required by the board amongst its members
  - the policy for admitting new members
- C17.2 to appoint the auditor (if one is required by law);
- C17.3 to elect board member if applicable;
- C17.4 to transact any other general business of the Society set out in the notice convening the meeting including any business that requires a special resolution.

### **Special general meetings**

- C18 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C18.1 upon an order of the board; or
  - C18.2 upon a written requisition signed by one-tenth of the members (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened;
  - C18.3 if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the members who have signed the requisition may convene a meeting.
- C19 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

### **Calling a general meeting**

- C20 All general meetings shall be convened by written notice posted or delivered or sent by fax or email to every member at the address fax number or email address given in the share register. The notice shall state whether the meeting is an annual or special general meeting, the time, date and place of the meeting, and the business for which it is convened. At least twenty one clear days written notice shall be given to convene an annual general meeting and fourteen clear days written notice shall be given to convene a special general meeting.
- C21 Any accidental failure to get any notice to any member, shall not invalidate the proceedings at that general meeting. A notice or communication sent by post to a member at their address shown in the register of members shall be deemed to have arrived two days after being posted.

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### **Proceedings at general meetings**

- C22 Before any general meeting can start its business there must be a quorum present in person or by proxy. A quorum is one-tenth of all members with a minimum number of six and a maximum number of 25. As part of the quorum at least two members must be present in person.
- C23 A meeting held as a result of a member's requisition will be dissolved if too few members are present half an hour after the meeting should begin.
- C24 All other general meetings with too few members will be adjourned to the same day, at the same time and place in the following week. If too few members are present within half an hour of the time the adjourned meeting should have started, those members present shall carry out the business of the meeting.
- C25 The chair of any general meeting can:
- C25.1 take the business of the meeting in any order that the chair may decide; and
- C25.2 adjourn the meeting if the majority of the members present in person or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.
- C26 At all general meetings of the Society the chair of the board shall preside. If there is no such chair or if the chair is not present or is unwilling to act, the deputy chair (if any) shall chair the meeting, failing which the members present shall elect a member to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

### **Proxies**

- C27 A proxy can be appointed by delivering a written appointment to the registered office at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed by the member or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final. A proxy need not be a member of the Society.

### **Voting**

- C28 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
- C29 On a show of hands every member present in person and on a ballot every member present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.
- C30 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the Society, shall be conclusive evidence of that fact.

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- C31 Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
- C32 A ballot on a resolution may be demanded by any three members at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot in which the votes shall be counted in accordance with the provisions of rule C9.2.
- C33 A ballot shall be taken at the meeting at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the Society in general meeting.

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## **PART D THE BOARD**

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### **Functions**

- D1 The Society shall have a board (in these rules referred to as "the board") which shall direct the affairs of the Society in accordance with its objects and rules and ensure that its functions are properly performed. Amongst its functions shall be to:
- D1.1 define and ensure compliance with the values and objectives of the Society and ensure these are set out in each annual report;
  - D1.2 establish policies and plans to achieve those objectives;
  - D1.3 approve each year's accounts prior to publication and approve each year's budget;
  - D1.4 establish and oversee a framework of delegation and systems of control;
  - D1.5 agree policies and make decisions on all matters that create significant financial risk to the Society or which affect material issues of principle;
  - D1.6 monitor the Society's performance in relation to these plans, budget, controls and decisions;
  - D1.7 appoint (and if necessary remove) the chief executive (if any);
  - D1.8 satisfy itself that the Society's affairs are conducted in accordance with generally accepted standards of performance and propriety; and
  - D1.9 take appropriate advice;

### **Composition of the board**

#### **D2**

- D2.1 The first board shall be the persons who signed the copy of these rules which accompanied the application to register them together with any other persons, up to the maximum of twelve provided for in rule D3, who may be appointed by the board to fill vacancies under rule D11 or co-opted under rule D6.
- D2.2 The first board shall serve until the first annual general meeting called after the registration of these rules at which meeting all the members of

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- the first board shall retire and a new board shall be elected in accordance with rules D13 to D16.
- D3. The board shall consist of up to twelve members (including co-optees).
- D.3.1 Three members of the board shall be elected by the resident members (the resident board members)
- D3.2 Three members of the board shall be elected by the stakeholder board members (the stakeholder board members).
- D3.3 Three members of the board shall be elected by the community members (the community board members)
- D4 Except for co-optees only members can be board members.
- D5
- D5.1 The board shall in its annual report set out the obligations of every board member to the board and to the Society. The board shall review and may amend the obligations of board members from time to time.
- D5.2 Every board member shall, as soon as may be practicable after their election or appointment to the board, sign and deliver to the secretary a statement, confirming that they will meet their obligations to the board and to the Society. The board may vary the form of statement from time to time.
- D5.3 Any board member who has not signed such statement without good cause within one month of being required to do so by the secretary shall immediately cease to be a board member.
- D6 The board may appoint co-optees to serve on the board on such terms as the board resolves and may without using Rule D10.2 remove such co-optees. A co-optee may act in all respects as a board member, but they cannot take part in the deliberations nor vote on the election of officers of the Society nor any matter directly affecting members.
- D7 For the purposes of the Act a co-optee is not included in the expression "board member" or "member of the board".
- D8 Not more than three co-optees can be appointed to the board or to any committee at any one time.
- D9 No one can become or remain a board member at any time if:
- D9.1 they are disqualified from acting as a director of a company for any reason; or
- D9.2 they have been convicted of an indictable offence within the last five years; or
- D9.3 they are not a member (unless they are a co-optee or employee of the Society or any other body whose accounts must be consolidated with those of the Society); or
- D9.4 they have absented themselves from four consecutive meetings of the board without special leave of absence from the board;
- and any board member who at any time ceases to qualify under this rule shall immediately cease to be a board member.
- D10 A board member may be removed from the board

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- D10.1 by a special resolution at a general meeting; or
- D10.2 by a resolution passed by three quarters of the board present provided the following conditions are satisfied:
- at least fourteen days notice of the proposed resolution has been given to all board members; and
  - the notice sets out in writing the alleged breach(es) of the member's obligations in accordance with rule D5.1; and
  - the board is satisfied that the allegation(s) is or are true.
- D11 Whenever the number of board members and co-optees is less than permitted by these rules, the board may appoint a further board member or members to fill the vacancy or vacancies in addition to the board's power to co-opt. Any board member so appointed shall retire at the next annual general meeting.

### **Election to the board**

- D12 In every notice for an annual general meeting the board shall set out its requirements for the skills, qualities and experience which it needs from its members. The notice shall state the extent to which those requirements are met by those board members continuing in office, and those retiring and intending to re-offer themselves for election and invite members to submit nominations for the election of candidates to the board.
- D13
- D13.1 At every annual general meeting (other than the first annual general meeting following the registration of these rules at which all members of the first board shall retire to seek re-election if they wish to continue to serve on the board) not less than one third of every class board members shall retire from office.
- D13.2 Board members forming the retiring third shall be those who have been longest in office since they were last elected or re-elected to the board. If the choice is between people who became board members on the same day those to retire shall be chosen by lot if not agreed.
- D13.3 Anybody appointed to fill a casual vacancy under rule D11 during the year and who retires for that reason shall not count towards the one third to retire.
- D14 If at an annual general meeting, the candidates for election as board members do not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected. If the number of candidates exceed the number of vacancies the meeting shall elect the board members by ballot in such a manner as the chair directs.
- D15 In an election at a general meeting every member present in person or by proxy shall have one vote on any resolution other than for the election of board members counted under the provisions of Rule C9.2, and for every election to the board one vote for every vacancy for board members to be elected from that member's class of members but shall not give more than one vote to any one candidate and shall not vote for the election of board members from other classes of membership.

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- D16 In casting their votes in an election, members shall endeavour to ensure that the board possesses the quality, skills and experience which the Society has from time to time determined that it requires.

### **Candidates for the board**

D17

- D17.1 Nominations for the election of candidates to the board shall be in writing in the form prescribed from time to time by the board and notified to members with the notice convening the annual general meeting. It shall set out the candidate's full name, address, and occupation. Any candidate for election to the board shall also submit a written statement to the Society, in such form as the board from time to time determines, setting out the reasons for their suitability to be a board member.
- D17.2 In addition a candidate who is not retiring as a board member must be nominated in writing by another member giving their details on the candidate's nomination form and signing the nomination.
- D17.3 The statement and nomination shall be delivered to the registered office at least fourteen days before the meeting at which the vacancies on the board are to be filled. Details of the candidates nominated and the statements made of their suitability to be a board member shall be sent to members not less than seven days before the date of the annual general meeting.

### **Quorum for the board**

- D18 Three board members, or half of the board (whichever is lower) shall form a quorum. The board may determine a higher number.

### **Board members' interests**

- D19 No board member, co-optee or member of a committee shall have any financial interest:
- D19.1 personally; or
- D19.2 as a member of a firm; or
- D19.3 as a director or other officer of a business trading for profit; or
- D19.4 in any other way whatsoever
- in any contract or other transaction with the Society, unless it is expressly permitted by these rules.
- D20 The Society shall not pay or grant any benefit to anyone who is a board member or a co-optee or a member of a committee, unless it is expressly permitted by these rules.
- D21 Any board member, co-optee or member of a committee, having an interest in any arrangement between the Society and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Unless it is expressly permitted by these rules they shall not remain present unless requested to do so by the board or committee, and they shall not have any vote on the

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matter in question. Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.

D22 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of all other bodies in which they have an interest as:

D22.1 a director or officer; or

D22.2 as a member of a firm; or

D22.3 as an official or elected member of any statutory body; or

D22.4 as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company; or

D22.5 as the occupier of any property owned or managed by the Society; or

D22.6 any other significant or material interest.

D23 If requested by a majority of the board or members of a committee at a meeting convened specially for the purpose, a board member, co-optee or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time.

D24 The Society may pay properly authorised expenses, when actually incurred on the Society's business, and any remuneration as shall be approved by the board from time to time to board members, co-optees and members of committees

D25 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D19 to D21 as a board member, director, or officer of any other body whose accounts are or ought to be consolidated with the Society's accounts.

D26 Board members, co-optees or members of committees shall not have an interest for the purpose of rule D21 in any decision which affects them and which affects all or a substantial group of the community to be benefited by the Society.

D27 The grant of an interest in land or the payment of a grant by the Society to a board member, co-optee or member of a committee in accordance with an open and transparent policy of the Society is not the grant of a benefit for the purpose of rule D20 provided the grantee has had no greater opportunity to benefit than the whole or substantially the whole of any part of the community whom the grant is intended to benefit.

### **Meetings of the board**

D28 The board shall meet at least four times every calendar year. At least seven days written notice of the date and place of every board meeting shall be given by the secretary to all board members and co-optees.

D29 Meetings of the board may be called by the secretary, or by the chair, or by two board members who give written notice to the secretary specifying the business to be carried out. The secretary shall send a written notice to all board members and co-optees to the board as soon as possible after receipt of such a request. The secretary shall call a meeting on at least seven but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a



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meeting then the chair or two board members, whichever is the case, shall call such a meeting.

### **Management and delegation**

- D30 The board may delegate any of its powers under written terms of reference to its committees or to officers or employees. Those powers shall be exercised in accordance with any written instructions given by the board.
- D31 The membership of any committee shall be determined by the board. Every committee shall include one board member or co-optee to the board. The board will appoint the chair of any committee and shall specify the quorum.
- D32 All acts and proceedings of any committee shall be reported to the board.
- D33 No committee can incur expenditure on behalf of the Society unless at least one board member or co-optee of the board on the committee has voted in favour of the resolution and the board has previously approved a budget for the relevant expenditure.

### **Miscellaneous provisions**

- D34 All decisions taken at a board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.
- D35 A resolution in writing sent to all board members or all members of a committee and signed by three quarters of the board members or three quarters of the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee.
- D36 Meetings of the board can take place in any manner which permits those attending to hear and comment on the proceedings.
- D37 A board member acting in good faith shall not be liable to the Society for any loss.
- D38 Notice may be given to board members by post or fax or email at the last address for such communication given to the secretary. The accidental failure to give notice to a board member or the failure of the board member to receive such notice shall not invalidate the proceedings of the board.

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## **PART E CHAIR, CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS**

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### **The chair**

- E1 The Society shall have a chair, who shall also chair board meetings, and shall be elected by the board.
- E2 The chair on election shall hold office until the commencement of the first board meeting after the next annual general meeting of the Society (or until the chair resigns as chair). The first item of business for any board meeting when there is no chair or the chair is not present shall be to elect the chair. The chair shall at all times be a member and a board member and cannot be an employee.

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- E3 The chair of the Society may be removed at a board meeting called for the purpose provided the resolution is passed by at least two thirds of the members of the board at the meeting.

**The chair's responsibilities**

- E4 The chair shall seek to ensure that:
- E4.1 the board's business and the Society's general meetings are conducted efficiently;
  - E4.2 all board members are given the opportunity to express their views;
  - E4.3 a constructive working relationship is established with, and support provided for the chief executive (if any);
  - E4.4 the board delegates sufficient authority to its committees, the chair, the chief executive (if any), and others to enable the business of the Society to be carried on effectively between board meetings;
  - E4.5 the board receives professional advice when it is needed;
  - E4.6 the Society is represented as required; and
  - E4.7 the Society's affairs are conducted in accordance with generally accepted codes of performance and propriety.
- E5 The chair shall seek to ensure that there is a written statement of the chair's responsibilities which shall be agreed with the board, and reviewed from time to time.

**The chief executive**

- E6 The Society may have a chief executive appointed by the board. The chief executive shall be appointed on a written contract of employment, which shall include a clear statement of the duties of the chief executive.

**The secretary**

- E7 The Society shall have a secretary who shall be appointed by the board and who may be an employee. The secretary shall in particular:
- E7.1 summon and attend all meetings of the Society and the board and keep the minutes of those meetings; and
  - E7.2 keep the registers and other books determined by the board; and
  - E7.3 make any returns on behalf of the Society to the Financial Services Authority; and
  - E7.4 have charge of the seal of the Society; and
  - E7.5 be responsible for ensuring the compliance of the Society with these rules.

**Other officers**

- E8 The board may designate as officers such other executives, internal auditor and staff of the Society on such terms (including pay) as it from time to time decides.

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### **Miscellaneous**

- E9 Every officer or employee shall be indemnified by the Society for any amount reasonably incurred in the discharge of their duty.
- E10 Except for the consequences of their own dishonesty or gross negligence no officer or employee shall be liable for any losses suffered by the Society.

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## **PART F FINANCIAL CONTROL AND AUDIT**

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### **Auditor**

- F1 The Society if required by law to do so shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial & Provident Societies Act 1968 as amended by the Companies Act 1989.
- F2 The following cannot act as auditor:
- F2.1 an officer or employee of the Society;
  - F2.2 a person employed by or employer of, or the partner of, an officer or employee of the Society.
- F3 An auditor must be appointed by resolution at a general meeting.
- F4 The Society's first auditor shall be appointed at a general meeting within three months of its registration or when first required by law to do so, whichever is the later. The board may make the appointment if no meeting is held within three months of the due date. The board may appoint an auditor to fill a casual vacancy.
- F5 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current years as well unless:
- F5.1 a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
  - F5.2 the auditor does not want to act and has told the Society so in writing; or
  - F5.3 the person is not qualified or falls within rule F2 (above); or
  - F5.4 the auditor has become incapable of acting; or
  - F5.5 notice to appoint another auditor has been given.
- F6
- F6.1 Not less than twenty eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed.
  - F6.2 The Society shall send a copy of the resolution to the retiring auditor and also give notice to its members at the same time and in the same manner, if possible.
  - F6.3 If not, the Society shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the Society which must be notified to its members under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

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### **Auditor's duties**

- F7 The findings of the auditor shall be reported to the Society, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.
- F8 The board shall produce the revenue account and balance sheet audited by the auditor, if required, and the auditor's report, if required, at each annual general meeting. The board shall also produce its report on the affairs of the Society which shall be signed by the person chairing the meeting which adopts the report.

### **Accounting requirements**

- F9 The end of the accounting year shall be 31<sup>st</sup> March each year or such other date allowed by the Financial Services Authority as may be decided by the Society in general meeting.
- F10 The Society shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
- F11 The Society shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

### **Annual returns and balance sheets**

- F12 Every year, within the time specified by legislation, the secretary shall send the Society's annual return to the Financial Services Authority. The return shall be up-to-date to the time specified in the Act, or such other date allowed by the Financial Services Authority. The annual return shall be accompanied by the auditor's reports, if required, for the period of the return and the accounts and balance sheets to which it refers.

### **Borrowing**

- F13 The Society shall have the power to borrow money for the purposes of the Society and to issue loan stock. The total borrowings of the Society at any time shall not exceed £200 million (two hundred million pounds) or such a larger sum as the Society determines from time to time in general meeting.
- F14 The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the board, is reasonable having regard to the terms of the loan. The board may delegate the determination of the said interest rate within specified limits to an officer, board member or a committee.
- F15 F15.1 In respect of any proposed borrowing, for the purposes of rule F13, the amount remaining un-discharged of any deferred interest or index-linked monies previously borrowed by the Society or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
- F15.2 For the purposes of rule F13 in respect of any proposed borrowing intended to be on index-linked or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such

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proposed borrowing receivable by the Society at the time of the proposed borrowing.

F16.1 The Society shall have the power to enter into and perform a rate cap transaction, or series of rate cap transactions, where the board (or a duly authorised committee established under the rules) considers entry by the Society into such transaction(s) to be in the best interest of the Society provided that:

- at the time of entry into any such transaction(s) the sum of the calculation amount of any rate cap transaction previously entered into and remaining in effect and the calculation amount of the proposed rate cap transaction(s) shall not exceed the lower of (1) £100 million or (2) the aggregate amount of the Society's variable rate borrowing then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Society intends at the effective date when drawn will become variable rate borrowings and,
- the counterparty to each rate cap transaction is the floating rate payer.

F16.2 Prior to exercising its power under rule F16.1 the Society shall obtain and consider proper advice on the question of whether the rate cap transaction is satisfactory having regard to:-

- the possible fluctuations in the rate of interest payable by the Society under its variable rate borrowings during the term of the rate cap transaction(s);
- the Society's ability to meet its payment obligations under the variable rate borrowings during the term of the rate cap transaction(s) if that transaction was not entered into;
- the payment obligations under the rate cap transaction(s); and
- the Society's actual and projected annual income and expenditure position.

F16.3 The Society shall have the power to enter into and perform a swap transaction, or series of swap transactions, where the board (or a duly authorised committee established under the rules) considers entry by the Society into such transaction(s) to be in the best interests of the Society provided that at the time of entry into any such transaction(s) the sum of the calculation amount of any swap transaction previously entered into and remaining in effect and the calculation amount of the proposed swap transaction(s) shall not exceed the lower of:-

- £100 million; or
- the aggregate amount of the Society's variable rate borrowings then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Society intends at the effective date when drawn will become variable rate borrowings

having regard at the effective date to the Society's obligations to repay variable rate borrowings and the amount of variable rate borrowings which will be outstanding at any time on or prior to the proposed termination date.

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- F16.4 Prior to exercising its power under rule F16.3 the Society shall obtain and consider proper advice on the question of whether the swap transaction is satisfactory having regard to:-
- the Society's anticipated payment obligations under its existing borrowings pursuant to rule F13;
  - the payment obligations under the proposed swap transaction;
  - the terms and conditions of the swap transaction; and
  - the Society's actual and projected annual income and expenditure position.
- F16.5 For the purposes of this rule F16 proper advice is the advice of a person who is reasonably believed by the board to be qualified by their ability in and practical experience of financial matters and rate cap transactions and the appropriate derivative transaction and is properly authorised to give such advice under the provisions of the Financial Services Act 1986; such advice may be given by a person notwithstanding that they give it in the course of their employment as an officer.
- F16.6 A person entering into a rate-cap transaction as floating rate payer with the Society or a person entering into a swap transaction with the Society who has received a written certificate signed by the secretary confirming the Society's compliance with this rule F16 shall not be concerned to enquire further whether or not the Society has complied with the provisions of this rule F16 and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of this rule have been complied with.
- F16.7 For the purposes of this rule F16:-
- (a) "calculation amount" "effective date" "floating rate payer" "term" and "termination date" have the respective meanings given in the 2000 ISDA Definitions as amended from time to time;
  - (b) "variable rate borrowing" means any borrowing by the Society pursuant to rule F13 in respect of which the rate of interest has not been fixed for a term in excess of twelve months and the term "fixed" shall exclude any borrowing where the rate of interest is indexed in accordance with a retail prices index or other published index;
  - (c) "rate cap transaction" means a cap transaction within the meaning of "swap transaction" as defined in the 2000 ISDA Definitions as amended from time to time.
  - (d) "swap transaction" means any transaction which is a rate swap transaction, a forward rate transaction, interest rate option purchased or collar transaction as referred to in the definition of "swap transaction" appearing in the 2000 ISDA Definitions as amended from time to time save that:-
    - (i) it shall exclude:-
      - any transaction where any calculation amount is expressed in a currency other than pounds sterling; and
      - any transaction dealing in commodities; and,
    - (ii) rate swap transaction shall be deemed to include:-

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a retail prices (or other published index) interest rate transaction; and forward rate transactions shall include an option to buy a forward rate transaction (but not sell).

### **Loan Stock**

- F17.1 The Society may borrow from members by calling on them to subscribe to loan stock, but a member who is not bound by some agreement other than that set out in these Rules shall not be obliged to subscribe.
- F17.2 Loan stock shall be withdrawable only in accordance with the provisions of this Rule.
- F17.3 The board shall allot to members upon receipt of applications for loan stock from them the loan stock for which they have applied subject to any conditions set out in the invitation to subscribe, and shall allot from time to time any loan stock subsequently applied for providing that the loan stock applied for by the member does not exceed the total value of loan stock a member is entitled to hold by law.
- F17.4 During any period when the total number of members of the Society exceeds ten the board shall seek to ensure that no one member holds more than twenty per cent of the total loan stock issued by the Society and may direct any member to withdraw loan stock to maintain this ceiling on individual loan stock holding.
- F17.5 Subject to clauses (c) and (d) below, loan stock may be withdrawn by members upon giving thirteen weeks' notice to the Society, provided that:
- (a) All withdrawals shall be paid in the order in which the notices were received by the Society.
  - (b) The Society may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit.
  - (c) Except by consent of the board not more than one-tenth of the issued loan stock at 1st January in each year, including all sums under notice of withdrawal at that date, shall be withdrawable during the ensuing year.
  - (d) The right to withdraw may be suspended by the board either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the resolution suspending the right to withdraw is passed by the board. Where the suspension is for a fixed period, such period may be extended from time to time by the board.
  - (e) During any period when the right of withdrawal has been suspended under clause (d), the loan stock of a deceased member may, at the discretion of the board, be withdrawn by her/his personal representative upon giving such notice as the board may require and subject, as regards the amount payable on withdrawal, to such deduction as the board may from time to time decide.
  - (f) Except where otherwise provided in these rules, the amount to be paid to a member on withdrawal shall be the amount credited on the loan stock to be withdrawn.
- F17.6 The Society shall have a lien on the loan stock of a member for any debt due to it by the member and may set off any sum standing to the member's credit including any loan money, interest and dividends in or towards the payment of such debt.

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### **Investment**

F18 The funds of the Society may be invested by the board in such manner as it determines.

## **PART G MISCELLANEOUS AND STATUTORY, REGISTERED OFFICE AND NAME**

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G1 The Society's registered office is c/o Bristol City Council, St Anne's House, St Anne's Road, Bristol BS4 4AB

G2 The Society's registered name must:

G2.1 be placed prominently outside every office or place of business; and

G2.2 be engraved on its seal; and

G2.3 be stated on its business letters, notices, adverts, official publications, cheques and invoices.

### **Disputes**

G3 G3.1 Any dispute on a matter covered by the rules shall be dealt with in the County Court if the dispute is between:

- the Society and an officer; or
- the Society and a member; or
- the Society and a person claiming to be a member; or
- the Society and a person who was a member in the last six months.

G3.2 Alternatively, such dispute can be resolved by an arbitrator appointed by the President for the time being of the Law Society if both parties to the dispute agree. If they do not agree the dispute shall be dealt with in the County Court.

G3.3 The arbitrator's decision is binding. No appeal is allowable. No court of law can alter it, but it can be enforced by a County Court.

G3.4 The arbitrator's decision on the costs of the arbitration is binding.

### **Minutes, seal, registers and books**

G4 The minutes of all general meetings and all board and committee meetings shall be recorded, agreed by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.

G5 The secretary shall keep the seal. It shall not be used except under the board's authority. It must be affixed by one board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the execution of deeds in any other way permitted.

G6 The Society must keep at its registered office:

G6.1 the register of members showing:



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- the names and addresses of all the members; and
  - a statement of all the shares held by each board member and the amount paid for them; and
  - a statement of other property in the Society held by the member including the date of subscription and the value of loan stock held by the member (if any); and
  - the date that each member was entered in the register of members.
- G6.2 a duplicate register of members showing the names and addresses of members and the date they became members.
- G6.3 a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate.
- G6.4 a register of holders of any loan.
- G6.5 a register of mortgages and charges on land.
- G6.6 a copy of the rules of the Society.
- G7 The Society must display a copy of its latest balance sheet and auditor's report (if one is required by law) at its registered office
- G8 The Society shall give to all members on request copies of its last annual return with the auditor's report (if one is required by law) on the accounts contained in the return, free of charge.
- G9 The secretary shall give a copy of the rules of the Society to any person on demand who pays such reasonable sum as permitted by law.

#### **Statutory applications to the FSA**

- G10 Ten members can apply to the Financial Services Authority to appoint an accountant to inspect the books of the Society, provided all ten have been members of the Society for a twelve month period immediately before their application.
- G11 The members may apply to the Financial Services Authority in order to get the affairs of the Society inspected or to call a special general meeting. One hundred members, or one-tenth of the members, whichever is the lesser, must make the application.

#### **Amendment of rules**

- G12
- G12.1 The rules of the Society may be rescinded or amended, but not so as to permit the Society to benefit a community other than a community of a specified geographical area set out in these rules (as may be amended from time to time).
- G12.2 The rules may only be amended by a resolution put before the general meeting by the board and approved by at least two thirds of the board.
- G12.3 Rules A2; A3; A4; B1; B2; B3; B4; B5; C2; C3; D17; D27; G12 and G14 can only be amended or rescinded by three fourths of the votes cast

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at a general meeting. Any other rule can be rescinded or amended by two thirds of the votes cast at a general meeting.

G12.4 Amended rules shall be registered with the Financial Services Authority as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.

### **Dissolution**

G13 The Society may be dissolved by a three fourths majority of members who sign an instrument of dissolution in the form prescribed by Treasury Regulations; or by winding-up under the Act.

G14 Any property that remains, after the Society is wound-up or dissolved and all debts and liabilities dealt with, the members shall resolve to give or transfer to another body with objects similar to that of the Society and that meets the requirements set out in Rule B5.2f).

### **Interpretation of terms**

G15 In these rules, including this rule, unless the subject matter or context are inconsistent:-

G15.1 words importing the singular or plural shall include the plural and singular respectively;

G15.2 words importing gender shall include the male and female genders;

G15.3 "the Act" shall mean the Industrial and Provident Societies Acts 1965 to 1975;

G15.4 any reference to an Act shall include any amendment or re-enactment from time to time

G15.5 "amendment of rules" shall include the making of a new rule and the rescission of a rule, and "amended" in relation to rules shall be construed accordingly;

G15.6 "board" shall mean the board appointed in accordance with Part D and "board member" or "member of the board" shall mean a member of the board for the time being;

G15.7 "community board member" means a board member elected by the community members in accordance with these Rules;

G15.8 "community member" means a member who is a member of the community class of members in accordance with the provisions of Rule C5.4

G15.9 "member" shall mean one of the persons referred to in rule C5 and means "member" as defined by the Act.

G15.10 "officer" shall include the chair and secretary of the Society and any board member for the time being and such other persons as the board may appoint under rule E8;

G15.11 "persons claiming through a member" shall include their personal representatives and also their nominees where a nomination has been made;

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- G15.12 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.13 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision
- G15.14 "register of members" means the register kept in accordance with rule G6.1;
- G15.15 "resident board member" means a board member elected by the resident members in accordance with these Rules;
- G15.16 "resident member" means a member who is a member of the resident class of members in accordance with the provisions of Rule C5.4
- G15.17 "secretary" means the officer appointed by the board to be the secretary of the Society or other person authorised by the board to act as the secretary's deputy;
- G15.18 "the Society" shall mean the Society of which these are the registered rules
- G15.19 "special resolution" means a resolution at a general meeting passed by a two thirds majority of all members who vote in person or by proxy
- G15.20 "stakeholder board member" means a board member elected by the stakeholder members in accordance with these Rules
- G15.21 "stakeholder member" means a member who is a member of the stakeholder class of members in accordance with the provisions of Rule C5.4
- G15.22 "these rules" shall mean the registered rules of the Society for the time being;

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Secretary

.....Name  
..... Address  
..... Signature

1. Member

.....Name  
..... Address  
..... Signature

2. Member

.....Name  
..... Address  
..... Signature

3. Member

.....Name  
..... Address  
..... Signature

4. Member

.....Name  
..... Address  
..... Signature

5. Member

.....Name  
..... Address  
..... Signature

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6. Member

.....Name  
..... Address  
  
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7. Member

.....Name  
..... Address  
  
..... Signature

8. Member

.....Name  
..... Address  
  
..... Signature

9. Member

.....Name  
..... Address  
  
..... Signature

[Note: 9<sup>th</sup> member to sign only if the secretary is ex-officio and not a member of the board]