

MEMORANDUM

and

RULES

of

THE KENSINGTON FRIENDLY COLLECTING SOCIETY LIMITED

(Approved By the FSA, 7th January 2008)

Register No: 79 Coll

GORNA & CO

Solicitors

Virginia House

Cheapside

King Street

Manchester

M2 4NB

(PWD/MED)

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MEMORANDUM

OF

THE KENSINGTON FRIENDLY COLLECTING SOCIETY

LIMITED

Registered and incorporated under the Friendly Societies Act 1992

Register No: 79 Coll

Registered Office:

1 Kensington Road
Middlesbrough
TS5 6AL

1. **Interpretation**

In this Memorandum

- 1.1 "the Society" means The Kensington Friendly Collecting Society Limited;
- 1.2 "the Act" means The Friendly Societies Act 1992 (or any statutory modification or re-enactment of it) and any statutory instrument made under it;
- 1.3 unless the context otherwise requires, other words and expressions have the same meanings as they have for the purposes of the Act.

2. **Name**

The Society is an incorporated Friendly Society. The name of the Society is The Kensington Friendly Collecting Society Limited.

3. **Registered Office**

The registered office of the Society is to be situated in England and Wales. The address of the registered office shall be 1 Kensington Road, Middlesbrough, TS5 6AL.

4. **Purposes**

(1) The purposes of the Society shall be the carrying on of the following classes of business or other activity. Any business or activity referred to below -

- (i) is to be carried on by the Society with a view to the provision for its members and such persons connected with its members as may be prescribed in the Rules; and
- (ii) is to be funded by voluntary subscriptions from members of the Society, with or without donations.

A. Long term business of one or more of the following Classes:

Number	Description	Nature of business
I	Life and annuity	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life, but excluding (in each case) contracts within Class III. ((Linked long term business) as defined under head A of Schedule 2 to the Act).
D.	Activities carried out in accordance with the Society's Rules (or with arrangements made under the Rules) whereby discretionary benefits are provided:	
	(a)	for the education of any persons;

(b) for the relief or maintenance of any persons when in distressed circumstances;

or

(c) for the funeral expenses of any persons;

but, save as may otherwise be provided from time to time by law, only to the extent that such activities do not constitute the carrying on of commercial business.

(2) In addition to the purposes in paragraph (1) above, the purposes of the Society may include the carrying on of

(a) social or benevolent activities which are not inconsistent with the other purposes of the Society;

(b) group insurance business;

(c) reinsurance of risks insured by other friendly societies;

(d) the formation or acquisition of subsidiaries and the control or joint control of bodies corporate, which are:

(i) companies whose objects are limited to the activities referred to in Schedule 7 to the Act or

(ii) bodies formed in another member state whose purposes are limited to the activities referred in Schedule 7 to the Act

but the Society shall not enter into joint control of a body corporate without first receiving the consent of the FSA unless the joint control is with another incorporated Friendly Society.

5. Powers

(1) Investment of Funds

The Society may invest its funds in accordance with Rule 39.

(2) Holding of Land (for purposes other than investment)

The Society may acquire and hold land -

(i) for the purposes of carrying on any of its activities; or

(ii) for the purposes of enabling a controlled body of the Society, or a body jointly controlled by it, to conduct its business;

and may dispose of, or otherwise deal with, any land so held by it.

- (3) Assistance to subsidiaries and jointly controlled bodies
The Society may provide assistance to its subsidiaries or bodies which it jointly controls in accordance with section 16 of the Act.
 - (4) Loans to assured members
The Society may advance loans to its members in accordance with the Act.
 - (5) The Society shall have power to provide superannuation (Retirement Pension) benefits for all full time or part time employees.
 - (6) The Society shall have such powers for providing indemnity to its officers and staff as may be permitted under the Act.
 - (7) Activities in Schedule 5 to the Act
The Society may engage in any of the activities contained in Schedule 5 to the Act.
 - (8) General Powers
The Society shall in addition have power to do all things which an incorporated Friendly Society may do by law.
 - (9) Incidental Powers
The Society shall, subject to the provisions of the Act, its memorandum and its Rules, have any other power which is incidental or conducive to the carrying out of its purposes.
6. **Limitations of Liabilities of Members**
- (1) The liability of a member of the Society is limited to the amount of any subscription to the Society which is outstanding.
 - (2) No subscription of a member of the Society shall be recoverable at law except on the winding up of the Society.

TITLE PAGE

RULES OF

THE KENSINGTON FRIENDLY COLLECTING SOCIETY

LIMITED

Registered and incorporated under the Friendly Societies Act 1992

Register No: 79 Coll

Registered Office:

1 Kensington Road
Middlesbrough
TS5 6AL

Gorna & Co
Solicitors
Virginia House
Cheapside
King Street
Manchester
M2 4NB
(PWD/MED)

1. **Interpretation**

In these Rules, unless the contrary intention appear:

- (1) Words denoting the masculine gender shall be deemed to include the feminine.
- (2) Words in the singular shall include the plural and words in the plural shall include the singular.
- (3) The "Act" means the 1992 Friendly Societies Act and any Acts amending or substituted for it and for the time being in force and any statutory instrument made under it.
- (4) "Appointed actuary" has the meaning given by section 119 of the Act.
- (6) "The Chairman" means the Chairman of the Committee.
- (7) "The Committee" means the Committee of Management of the Society.
- (9) "Member" means a member of the Society who is a policyholder with a financial interest in the benefit funds of the Society.
- (10) "special resolution" has the meaning given by paragraph 7 of schedule 12 to the Act.
- (12) "a month" means a Calendar month and "monthly" has the corresponding meaning.
- (13) "a lunar month" means any period of 28 days.
- (14) "notice" shall mean a notice in writing and whenever in such context a number of days is mentioned it shall mean clear days.
- (15) "Society" shall be deemed to mean the The Kensington Friendly Collecting Society Limited in its entirety.
- (16) "Tables" means the tables of insurance for the Society's business as certified by the Appointed actuary.
- (18) "Collecting Society" has the same meaning as in the Industrial Assurance Act 1923.
- (19) "Long Term Business" means insurance business of any of the classes specified under head A of schedule 2 to the Act.
- (20) "Authorised" means authorised to carry on insurance or non-insurance business in the

United Kingdom as set out in section 33 of the Act.

- (21) "N.C.I.S." means National Criminal Intelligence Service.
- (22) "Officers" means the Committee together with the Chief Executive/Secretary and the Treasurer of the Society.
- (23) "Financial Ombudsman Service" means the Statutory Ombudsman Scheme set up under Part XVI of the Financial Services and Markets Act 2000.
- (24) "Relevant Legislation" means the Friendly Societies Act 1992 all Regulations made under the 1992 Act and every other enactment or regulation for the time being in force relating to an Incorporated Friendly Society (with its registered office situated in England or Wales)".

2. **Membership**

- (1) Entry into the Society shall be open to males and females of sound health who have not passed their 80th birthday, subject to the maximum age at entry, prevailing from time to time, for those Tables under which a member is contracting.
- (2) A member who is a minor may, if he is over 16 years of age, by himself, or if he is under that age, by his parent or guardian, execute all instruments and give all receipts necessary to be executed or given under the Rules of the Society, but shall not vote or hold any office in the Society, and may not nominate, or join in nominating, a person for election as a member of the Committee.
- (3) Each applicant for entry shall complete a proposal form giving details of date of birth, age at entry, address, insurance cover required, details of policies of insurance contracted with other friendly societies, particulars of health record, where appropriate, and any other details relating to himself or his family as required by the Committee and shall authorise the Society to make such further investigation or verification of same. The declaration shall be signed in the presence of a witness and dated.
- (4) The Society shall have the right to acquire a medical report from the Medical Practitioner of the proposed member or from a Medical Referee appointed by the Society, any cost involved to be borne by the Society.
- (5) The Society shall be entitled to reject any application for membership of the Society or accept same upon such terms as the Society (or the person or persons for the time being appointed by the Committee for the purpose) shall consider fit including, without prejudice to the generality of the foregoing, such restrictions as to age, travel,

occupation, or participation in hazardous sports or pastimes as shall be considered necessary or desirable, provided that no policy shall be issued upon special terms (which are not applicable to all other policies of the same type issued by the Society or within the limits specified in the Rules) for an amount of gross sum or annuity less than that specified in the Tables, unless the Society shall have given the applicant not less than fourteen days notice of its intention to issue the same and such applicant shall not have withdrawn his application within such period and provided that no policy shall be issued if the effect of the issue of such policy would be that the limits of assurance mentioned in both this Rule and Rule 4(4) of the Rules would thereby be exceeded.

- (6) A policy document setting out full details of the contract shall be issued to each member.
- (7) Members are required to advise the Society, in writing, of any permanent change of address of their domicile as soon as possible after the change has taken place.

3. **Register of Names and Addresses of Members**

- (1) The Society shall maintain a register of the names and addresses of the members of the Society.
- (2) The register shall be kept in the registered office of the Society or at such other place or places as the Committee thinks fit.
- (3) The Society need not enter in the register the address of a member who became a member before the incorporation of the Society while it has no address for him and his whereabouts are unknown.
- (4) Where it appears to the Society that the address shown in the register for a member is no longer current, the Society -
 - (a) may remove that address from the register; and
 - (b) need not enter in the register an address for that member while it has no address for him and his whereabouts are unknown.

4. **Contributions and Benefits**

- (1) Subject to the terms of any policy and the Rules the benefits payable to any person by the Society shall be calculated in accordance with the Tables.
- (2) Copies of the Tables shall be available free of charge to members at every office of the Society and will be sent free of charge to any member upon request.

- (3) Every member of the Society shall pay contributions/premiums and receive benefits as determined by the Committee, on the advice of the Appointed actuary and in accordance with the appropriate Table. Benefits will also be subject to the conditions included in these Rules and policy documents setting out all the details of the conditions of the contract of insurance to each member, Provided that no amendment to the Society's Memorandum, these Rules or the Tables will affect an existing right of a member to his benefit.
- (4) The Committee shall be empowered by resolution to:
- (a) adopt new tables of contributions and benefits;
 - (b) modify any existing table by altering the benefits, contributions (including management contributions) and conditions of entitlement to benefits;

provided that:-

- (i) in relation to sub-paragraph (b) above such power shall be exercisable only on the certificate of the actuary;
 - (ii) the amendment is necessary in the interests of the Society;
 - (iii) such amendment will not affect any insurance effected prior to the making thereof;
 - (iv) every such amendment shall be submitted to the next Annual General Meeting or Special General Meeting of the Society and if approved by a majority thereof shall continue to have effect. If not so approved it shall cease to be operated forthwith from the date of the conclusion of the meeting;
 - (v) notwithstanding any provision of this Rule to the contrary the provisions set out in paragraph (4)(a) and (b) of this Rule shall not be amended or rescinded, unless with the written consent of the Commissioners of Inland Revenue.
- (5) The Society may contract with any suitable persons for an assurance which is tax exempt where:-
- (a) the gross premium is not in excess of the statutory limits set from time to time by the Treasury, or

- (b) the gross sum is not in excess of the statutory limits set from time to time by the Treasury.
 - (c) the above limits are exclusive of any bonus or addition declared upon an assurance of a gross sum or annuity;
 - (d) the limits of non-taxable assurances shall in total, be inclusive of any other non- taxable assurance written with the Society or any other registered Friendly Society.
- (6) The Committee shall accept and honour full responsibility for all legitimate contracts, whether enacted under those Tables, for which recruitment has now ceased or enacted by former Rules. Terms and conditions for all such contracts are available on application in writing to the Secretary.
- (7) In respect of contributions/premiums collected in cash through the collection service or by agents, the Society shall provide a receipt for each payment received, by way of a premium receipt book or any other method approved by the Committee in which each transaction must be recorded. Where payments are made by remittance through the post or bank arrangements, a receipt shall be supplied to the member. The receipts shall show the amount due on the due date, the amount paid and the date upon which it was paid, the state of the account:-

clear prepaid or in arrears and the initial or signature of the recipient upon behalf of the Society.

5. **Surpluses and Bonuses**

Should the periodic valuation of any fund of the Society disclose a surplus, the Committee may appropriate such portion thereof for the benefit of the members, as the Appointed actuary may recommend in accordance with Rule 37(5). The appropriation shall take such form as the Committee may determine.

6. **Reinsurance of Risks**

The Society may provide for the reinsurance of the risk accepted by the Society as approved and recommended by the Appointed actuary.

7. **Disqualifications and Forfeiture of Membership**

- (1) Any person who has incurred forfeiture may upon application for re-admission be re-admitted to membership by the Committee provided satisfactory evidence is to hand that he is in good health at the time he seeks re-instatement and subject to such other conditions as they may impose. A past member may obtain re-admission to original benefit at any time within 12 months from the date of last payment to the Society by

paying up all arrears and producing satisfactory proof that he is in good health at the time he seeks re-admission.

- (2) If at any time it be proved to the satisfaction of the Committee that any person has on his application for membership or proposal form fraudulently obtained admission to the Society by any statement made by him or on his behalf as to age or state of health or concealed any ailment or disease at the time of entrance or shall maliciously injure or attempt to injure the Society he shall be expelled and forfeit all monies paid and shall not again be admitted and if discovered and proved by evidence to the satisfaction of the Committee after death no person shall be entitled to receive any benefit from the Society in respect of such policy and all contributions of such member shall be forfeited to the Society.

8. **Arrears**

- (1) A member in arrears with payments of contribution or premium under a contract with the Society may be served with a notice of arrears, after a period of eight weeks measured from the 'due date' requesting immediate payment. After a further period of four weeks has elapsed without payment in full a final statutory notice may be served upon the policy holder by or upon behalf of the Society. The notice shall state:-
 - (a) the amount due from him, and informing him that in the case of default of payment by him within twenty eight days of the notice at a place specified in the notice his interest or benefits will be liable to be forfeited to the Society;
 - (b) default by him of making payment of any contributions or premiums in accordance with the notice will result in forfeiture of the assurance.

9. **Benefits to members**

- (1) Subject to the terms of any policy and the Rules the benefits payable to any person by the Society shall be calculated in accordance with the Tables.
- (2) Copies of the Tables shall be available free of charge to members at every office of the Society.
- (3) The Society shall send, free of charge, copies of the Tables to any member who demands them.

10. **Death Benefits**

- (1) Where the death of a life assured occurs within twenty four Calendar months of the commencement of the contract, the Society reserves the right to call for a medical report on the health of the life assured as at the date of the proposal. Should the answers on the proposal form be at variance with the medical report, the contract may

be invalidated and any premiums paid refunded.

- (2) No money shall be paid upon the death of a member or other person whose death is or ought to be entered in any register of deaths except upon the production either of a certificate of that death under the hand of the registrar of deaths or other person having care of the register of deaths in which that death is or ought to be entered and/or the grant of probate to the will of the member or other person or of letters of administration to his estate or of a certificate of confirmation to his estate.
- (3) In the event of any difference of age arising in connection with any claim, the Society may require production of evidence of age and may then discharge the claim according to the extent of the difference.
- (4) The obligation of the Society is only to pay £800 (without prejudice to any persons rights to recover part of the premiums paid) where the assured person dies under the age of 10 and the contract of insurance was for a greater sum.

11. Industrial Assurance Fund

- (1) The Committee shall establish and maintain an Industrial Assurance Fund.
- (2) All monies received on account of contribution premiums donations etc. and the gross rent and interest from investments shall be credited to the Fund and applied to carrying out the purposes of the Society in accordance with the Rules.
- (3) The Fund will enable persons to contract for business within the Rules subject to the limits specified in rule 4(5).

The Fund shall be maintained by contributions/premiums from members subscribing in accordance with the rate stated in the Tables and credited with interest and gains or losses from the investments held on behalf of the Fund.

Management and general expenses of the Society shall be met from the Fund.

- (4) Benefits shall be payable from the Fund in accordance with the Rules.

12. Nominations

- (1) A member not under the age of 16 years may nominate a person or persons to whom any sum of money payable by the Society on his death or any specified amount of money so payable shall be paid at his decease, but the total amount which may be so nominated shall not exceed £5,000 or such higher amount as, by virtue of an order under section 6 of the Administration of Estates (Small Payments) Act 1965, may for the time being apply for the purposes of the enactments specified in subsection (1) of that section.
- (2) All such nominations shall be made by writing, under the hand of the member,

delivered at or sent to the registered office of the Society, or, made in a book kept at such office.

- (3) The person or persons so nominated must not at the date of the nomination be an officer or employee of the Society unless that officer or employee is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator.
- (4) A nomination so made may be revoked or varied by any similar document, under the hand of the nominator, delivered, sent or made as aforesaid, but a nomination is not revoked by a subsequent will.
- (5) The marriage of a member shall operate as a revocation of any nomination previously made by him.
- (6) Nominations, revocations and variations may be in the forms appended to these Rules, in Appendix I.

13. **Committee of Management**

- (1) The business of the Society and any business that the Society proposes to carry on shall be under the direction of the Committee consisting of not more than 12 nor (subject to the provisions of Rule 23(6)) less than 5 members and the Committee may from time to time resolve the number who together shall constitute the Committee within these limitations: Prospective Committee Members will be nominated for election to the Committee in accordance with the Committee's policy (which may be amended from time to time) in order to provide the requisite skills and professional experience necessary for the prudential management of the Society. They shall be elected to the Committee at an Annual General Meeting. Only candidates who satisfy the requirements of the Committee are eligible for nomination for election as a Committee Member of the Society
 - (a) a) each member elected to the Committee (including the Chairman and the Vice-Chairman) shall be required to retire from office at the third Annual General Meeting following his election, but shall be eligible for re-election, provided he is nominated by the Committee for re-appointment at least fourteen days before the giving of notice for the Annual General Meeting unless retiring under Rules 22(1) or 23(4) and he has not attained age 70 years of age at the date of the election; A member may serve on the board for no longer than 9 years unless the board are satisfied that the member remains independent and stands for re-election on an annual basis;
 - (b) The Committee may appoint sub-committees to deal with urgent or special matters of business and they shall report fully to the Committee. The

sub-committees shall appoint their own Chairman from their number and shall have power to co-opt members with specialist knowledge or professional experts to assist in their deliberations. The Chairman or his appointee may attend all meetings of the sub-committees and the Chief Executive/Secretary and the Treasurer shall attend when the Committee requires them to do so.

- (2) Subject to the provisions of the Act, the memorandum and these Rules and to any directions given by special resolution, the business of the Society shall be managed by the Committee who may exercise all the powers of the Society, except those required to be exercised by the Society in general meeting.
- (3) No alteration of the memorandum or Rules and no direction as specified in (2) above shall invalidate any prior act of the Committee which would have been valid if that alteration had not been made or that direction had not been given.
- (4) Without prejudice to the generality of the foregoing paragraphs (1), (2) and (3), the Committee -
 - (a) Shall ensure the direction and management of all affairs and business of the Society;
 - (i) By a sufficient number of persons fit and proper to be Committee Members or other Officers, in their respective positions;
 - (ii) With prudence and integrity;
 - (iii) In the best interests of the members and in accordance with best practice; and
 - (iv) In accordance with the memorandum and these Rules, with Relevant Legislation and with due regard to the prevailing codes of Corporate Governance for small insurers;
 - (b) shall supervise the activities of any controlled body or branch of the Society;
 - (c) may make, vary or revoke regulations for the conduct of business at its meetings, including, but not limited to:
 - (i) voting rights, including casting votes;
 - (ii) special meetings; and
 - (iii) minutes of meetings
 - (d) may pay out of the funds of the Society the expenses of the Society and such sums as the Committee may deem necessary or expedient to be paid in the interests of the Society, but no Committee Member (other than a holder of any

executive office) shall receive any payment save as is authorised by these Rules;

- (e) may make, vary or revoke regulations for the conduct of all affairs and business of the Society, provided that the same are not inconsistent with the memorandum and these Rules, and with the Act;
 - (f) may authorise the use of all forms, instruments and other documents that it may deem necessary for the proper conduct of the business of the Society.
- (5) The Committee shall meet for business at not less than quarterly intervals and such other times as often as it shall find necessary and half the number of the Committee shall be a quorum.
- (6) The validity of any proceedings or acts of the Committee shall not be affected by any vacancy among the Members or by any defect in the appointment of a Member.

14. 14. Eligibility and Election of the Committee of Management

(1) No individual shall be elected or appointed as a Committee Member unless:

- (a) If he is over the age of 70 years at the date on which the election, or in the case of an appointment under Rule 23, the appointment, would take effect he will be subject to annual re-election.**

and

- (b) he is not a minor;

and

- (c) he is a fit and proper person as prescribed in Section 27 of the 1992 Act; and he has satisfied the requirements of the Committee in order to be eligible for nomination for election as a Committee Member of the Society.
- (d) approved by FSA vetting procedure
- (e) (except in the case of appointment under Rule 23 or nomination under paragraph (4) below, a form nominating him, signed by not less than 12 members who comply with the requirements of paragraph (3) below and addressed to the Secretary, has been delivered at the Registered Office during the hours of public business of the Society no later than twelve weeks before the Annual General Meeting at which the vacancy in respect of which he is nominated is to be filled. The nomination form shall contain the full name,

address, age and occupation of the person nominated, his consent to be so nominated, and the full names and addresses of the members proposing his nomination. The nomination form shall be dated with the date of its delivery at the Registered Office and that date shall be deemed to be the date of nomination for the purpose of paragraph (3) below.

- (2) In exercise of its duties pursuant to Rule 13(4)(a) the Committee may require any individual nominated for election as a Committee Member to supply in writing on such forms as the Committee may specify, evidence as to his qualifications, financial and managerial experience, creditworthiness, competence and character and to complete in draft any form or questionnaire that, if elected, he would be required to submit to any regulatory authority in accordance with the Act.
- (3) The requirements with which a member must comply in order to be eligible to nominate an individual as a Committee Member are as follows:
 - (a) he must have been a member for not less than 2 years before the date of nomination; and
 - (b) he must not be in arrears with his contributions/premiums; and
 - (c) he must not be a minor at the date of nomination.
- (4) If a vacancy arises on the Committee after the last day of the financial year and before the conclusion of the Annual General Meeting held in the succeeding financial year by reason of the death or disqualification of any retiring Committee Member who was seeking re-election the Committee may reduce the number of vacancies to be filled at the Annual General Meeting by one in respect of each such event. Any such vacancies may then be filled under Rule 23 (Filling of Casual Vacancies).
- (5) Where a person becomes or ceases to be a Member of the Committee, the Society shall within seven working days give notice of that fact to the Financial Services Authority. The notice shall state the person's full name and address and the date on which he became, or ceased to be a Member of the Committee and, in the case of a person
- (6) Nominations for election to the Committee shall be forwarded to the Chief Executive/Secretary not later than twelve weeks before the Annual General Meeting at which the vacancy in respect of which he is nominated is to be filled.
- (7) The election of Committee members shall be conducted at the Annual General

Meeting or if the Committee so decides, by postal ballot of the members conducted in that part of the financial year preceding the AGM:

- (a) if at the meeting there is a contest for the office of Committee member in that the number of candidates for election or re-election to the Committee (including Committee Members retiring under Rule 23(4) and Rule 24) exceeds the number of vacancies thereon, the vacancies shall be filled by those candidates obtaining the most votes. The votes shall be taken, on poll which shall be deemed to have been demanded by the Chairman. The following provisions of the Rules shall apply to such poll:-
 - (i) the voting papers shall include the number of vacancies on the Committee and full names of all the candidates;
 - (ii) subject to paragraph (i) above, the Committee may prescribe or approve the form of the voting paper and may include other declarations and denoting of retiring Committee members as it thinks fit;
 - (iii) the voting shall be effected by the placing of an "X" after the names of the candidates for whom the votes are to be cast;
 - (iv) the voting papers shall be void if a member votes for more candidates than there are vacancies to be filled;
 - (v) each member shall have one vote in respect of each vacancy to be filled, and
- (b) If at an Annual General Meeting there is no contest for the Office of Committee Member, then
 - (i) Any person who is eligible for election, has satisfied the requirements of the Committee and is proposed under this Rule, and
 - (ii) Any retiring Committee Member offering himself for election or re-election who is qualified under this Rule at the date of the meeting and then is not ineligible by reason of his age, shall be deemed to have been re-elected unless a resolution that he shall cease to be a Committee Member, of which notice has been given shall be passed by four-fifths of the votes cast on a poll.

15. Appointment of Chairman and Vice-Chairman

- (1) At its first meeting after every Annual General Meeting the Committee shall elect

from its number a Chairman and a Vice-Chairman who shall subject to paragraph (3) below, hold office until the commencement of the first meeting of the Committee held after the next Annual General Meeting unless he shall cease in the meantime to be a Committee Member or shall resign the office. The Chairman shall preside at all meetings of the Committee at which he is present and in the absence of the Chairman the Vice-Chairman shall take his place.

- (2) If the Chairman and the Vice-Chairman so elected shall both be absent from a meeting of the Committee or shall both decline to act as chairman, the Committee Members present at that meeting shall elect a Committee Member to be chairman for the purposes of that meeting.
- (3) The Committee may at any time remove the Chairman or the Vice-Chairman from office by resolution of a meeting specially called for that purpose.
- (4) The Committee shall fill from its number any casual vacancy (whether or not arising from the exercise of its power under paragraph (3) above) in the office of Chairman or Vice-Chairman and a Chairman or Vice-Chairman so elected shall, subject to paragraph (3) above, hold office until the commencement of the first meeting of the Committee held after the next Annual General Meeting unless he shall cease in the meantime to be a Committee Member or shall resign the office.
- (5) The Chairman or Vice-Chairman shall have served as a Committee member for a period of 2 years prior to the appointment to each of the respective offices.

16. **Remuneration and Expenses of Officers**

- (1) The annual remuneration of the Officers as Members of the Committee (exclusive of any remuneration paid in respect of executive duties) shall be paid at a rate to be determined by the Committee from time to time and approved by the Annual General Meeting of the Society. This remuneration shall be divisible amongst the Officers in such proportions as may be agreed among them by a majority decision and in default of agreement in equal shares.
- (2) In addition to such remuneration, any Officer may be paid such reasonable travelling, hotel and other expenses as he might incur while attending Society business with the approval of the Committee. He may also, by resolution of the Committee, be paid for professional or other work done by him on behalf of the Society in addition to his usual services as an Officer.

17. **Validity of Acts**

All acts done by the Committee, or any sub-committee, or any person acting as a

Committee Member shall, notwithstanding that it be afterwards discovered that there was some defect in the constitution of the Committee or sub-committee or in the election or re-election or appointment of any Committee Member or sub-committee member or person acting as aforesaid, or that any person was disqualified from holding office or was not entitled to vote, be as valid as if the Committee or sub-committee had been properly constituted and as if every such person had been duly elected or re-elected or appointed or entitled to vote and, where appropriate, was qualified and had been a Committee Member.

18. Offices of Profit

- (1) A Committee Member may hold any office or place of profit with the Society (other than the office of auditor or valuer) simultaneously with his office of Committee Member and may be appointed by the Committee to an office
- (2) A Committee Member so appointed to an office or place of profit with a body corporate in accordance with paragraph (1) above shall disclose to the Committee any benefit he derives from any such office or place in the financial year in which it is received.
- (3) A Committee Member, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Committee Member is appointed to hold any office or place of profit with the Society or with any body corporate in which the Society is, or will be, interested or at which the terms of any such appointment are arranged. He may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms of that appointment.

19. Interest in Contracts

- (1) Subject to a Committee Member's complying with the provisions for the time being of the Act that -
 - (a) require him to declare to the Committee any direct or indirect interest he might have, or be treated as having in any contract to which the Society is a party;
 - (b) prohibit particular contracts;
 - (c) require a contract to be approved by a resolution of a general meeting or
 - (d) require him to furnish to the Society particulars of any related business,

he may enter into or be interested, whether directly or indirectly, in contracts with the Society and shall not be disqualified from office thereby, nor shall he be liable to account to the Society for any profit arising out of any such contract to which he is a

party or in which he is interested by reason of his being at the same time a Committee Member.

- (2) No Committee Member may vote as a Committee Member in regard to any contract, or proposal therefor, in which he is interested, whether directly or indirectly, or upon any matter arising out of it. If he shall so vote, his vote shall not be counted nor shall he be reckoned in estimating a quorum when any such contract, or proposal therefor, is under consideration.
- (3) Notwithstanding anything contained in this Rule, the prohibition contained in the above paragraph (2) may at any time or times be suspended or relaxed to any extent by resolution at a general meeting of the Society.
- (4) In this Rule the term "contract" includes any transaction or arrangement. For the avoidance of doubt, the word "interest" in this Rule does not include any interest a Committee Member may have as a director of a controlled body of the Society.

20. **Appointment of Officers, Employees and Others**

- (1) The Society must have a Chief Executive and Secretary who shall be appointed and whose appointment may be terminated by the Committee. The Chief Executive/Secretary may not hold the position of Chairman. The appointment shall be under a formal contract of employment with the Society through the Committee and that contract shall be signed by the Chairman and one other Committee member upon behalf of the Society.
- (2) The Committee shall take all reasonable steps to secure that the person appointed as Chief Executive/Secretary has the requisite knowledge and experience to discharge the functions of his office.
- (3) The Chief Executive/Secretary is responsible under the immediate authority of the Committee for the conduct of the business of the Society and shall:-
 - (a)
 - (i) give notice and call all meetings of the Society, the Committee and sub-committees, and keep all papers and documents relative thereto in such manner as the Committee shall require;
 - (ii) attend all meetings of the Society including the Committee and sub-committees unless required by the Committee not to do so.
 - (iii) record the names of the Officers in attendance, also the minutes of proceedings of the meeting which shall be authorised on the signature of the Chairman;

- (iv) receive all proposals for admission for membership of the Society for approval and recording;
 - (v) receive requests for benefit, allowances or expenses of management of the Society to authorise same and give written instruction to the Treasurer for payment thereof;
 - (vi) prepare and send all the returns relating to the government of the Society required by law to the appropriate authority;
 - (vii) give instructions to the Society's solicitors, actuary, auditor, broker, surveyor, valuer and agents, providing them with such information, documentation and papers to enable them to complete legal documentation or prepare reports, valuations, accounts, surveys of property, or documents relating to investments, and other matters as appropriate;
 - (viii) keep the deeds and documents of title in respect of property and other investments in a safe place and make them available as directed, and for inspection at each audit of accounts;
 - (ix) pay over all moneys received by him upon behalf of the Society or members immediately to the Treasurer and give up all documents and property belonging to the Society when ordered to do so by the Committee;
 - (x) be an authorising signatory together with the Treasurer and such others, as determined by the Committee, to all the Society's bank accounts;
 - (xi) shall be responsible to the Committee for any appointment or termination of the employment of staff under paragraph (6) below of this Rule which is delegated to him by the Committee.
- (b) in consideration of the several duties required of him the Chief Executive/Secretary shall receive for his services such remuneration as the Committee may from time to time determine.
 - (c) when a Chief Executive/Secretary deems that he has been dealt with unfairly then he, in addition to any statutory rights, shall have the right of recourse to the Annual General Meeting; or a Special General Meeting of the Society.
- (4) Where a person becomes or ceases to be the Chief Executive/Secretary, the Society shall within seven working days give notice of that fact to the Financial Services

Authority, stating the person's full name and address and the date on which he became, or ceased to be, Chief Executive/Secretary

(5) Treasurer:-

- (a) The Treasurer shall be appointed by a resolution of the Committee and shall be under a formal contract of employment with the Society and that contract shall be signed by the Chairman and one other Committee member.
- (b) The Committee shall take all reasonable steps to secure that the person appointed as Treasurer has the requisite knowledge and experience to discharge the functions of the office.
- (c) The Treasurer shall be responsible to the Committee, through and under, the direct control, supervision and instruction of the Chief Executive/Secretary and shall:-
 - (i) arrange for the demand and collection of all interest, rent and dividends from all investments, made by the Society and receive all other moneys by way of contributions by the members in respect of assurances, upon behalf of the Society which shall be immediately paid into an appropriate bank account as determined by the Committee. He shall also account for moneys temporarily held by agents upon behalf of the Society;
 - (ii) upon the instruction of the Secretary he shall make all payments upon behalf of the Society in respect of the expenses of management and administration, benefit assured to members and any other liability of the Society, obtaining appropriate receipts;
 - (iii) all transactions at (i) and (ii) above shall be recorded in a Cash Book (or corresponding computer), which must be balanced and reconciled weekly, also a ledger of each account or fund and a register shall be kept of all investments and transactions related thereto for presentation for inspection and audit;
 - (iv) make all the books, ledgers, deeds, documents of title, receipts and correspondence in his hands available for inspection at all times by the Committee and auditor;
 - (v) prepare at least quarterly a statement for the Committee of all

transactions entered into and each calendar year prepare the statement of accounts and balance sheet in the form required by the Act and the Treasury Regulations;

- (vi) give up all vouchers, receipts, books, documents, moneys and property of the Society in his possession when required to do so by resolution of the Committee;
 - (vii) give security in respect of the funds of the Society in his possession for such sum as the Committee may determine;
 - (viii) be an authorised signatory, together with the Chief Executive and others as determined by the Committee, for all the Society's bank accounts;
 - (ix) attend all meetings of the Committee whenever required to do so.
- (d) In consideration of the several duties required of him the Treasurer shall receive for his services such remuneration as the Committee may from time to time determine.
- (6) The Committee may also appoint and terminate the appointment of (or delegate these appointments and termination powers in favour of the Chief Executive) such employees, advisers and agents as the Committee may at any time determine.
- (7) The powers and duties of persons appointed under this Rule shall be those given them from time to time by the Committee which may pay them such salaries, wages, commissions and bonuses, compensation for loss of office or of employment, fees and other remuneration as it may consider desirable.
21. **Indemnity to Committee Members, Officers, and Employees**
- (1) Every Committee Member, every other Officer and every employee of the Society shall be indemnified by the Society against any liability in respect of losses, costs, charges, damages and expenses which might arise from or in the course of his duties but not against any such liability as by virtue of any rule of law or of the Act would attach to him in respect of any negligence, default, breach of duty or breach of trust of which he might be guilty in relation to the Society. He shall however be indemnified against any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, arising out of his duties in relation to the Society in which judgement is given in his favour or in which he is acquitted.
- (2) The Society may take out a policy of insurance to cover any such indemnity or liability as is mentioned in paragraph (1) above.

22. Vacation of Office and Disqualification

(1)

(a) 22. Vacation of Office and Disqualification

(1) A Committee Member shall cease to hold office -

- (a) if he resigns his office by notice in writing to the Secretary;
- (b) if he takes up a permanent residence outside the United Kingdom;
- (c) if he is requested in writing by all his co-Committee Members to resign and a resolution that he has vacated the office is thereafter passed at a meeting of the Committee by at least four fifths of the members of the full Committee;
- (d) if over a twelve month period he is absent from 75% of the meetings he is supposed to attend.

The Committee may waive these attendance conditions if satisfied that the sole reason for the failure to attend has been due to ill health, family or business commitments of the Committee member concerned;

- (e) if he becomes bankrupt or is subject to sequestration;
- (f) if he is, or might be, suffering from mental disorder and either
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the provisions of the Mental Health Act 1983 or he is admitted to hospital under the provisions of the Mental Health (Scotland) Act 1984 or the provisions of the Mental Health Act (Northern Ireland) 1961, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (g) upon a resolution of which notice has been given under Rule 28 that he shall cease to be a Committee Member passed by three-fourths of the votes cast on a poll at a general meeting;
- (h) if, whilst a Committee Member of the Society and without the prior consent of his co-Committee Members, he accepts the office of a director in any other organisation, company or body deemed by the Committee to be in direct competition with the business of the Society;
- (i) upon the conclusion of the Annual General Meeting next following the date at which he attains 70 years of age;
- (j) if he becomes prohibited by law from being a Committee Member;

- (k) if he contravenes Rule 19(1) by knowingly or recklessly failing to declare an interest and the Committee passes a resolution that he has vacated office.
- (2) The secretary shall give not less than 14 clear days' notice in writing to all Committee Members of a meeting of the Committee at which it is intended to move a resolution that a Committee Member has vacated office. The notice shall set out the proposed resolution and, if all the requirements of this paragraph are not complied with, the resolution, even if passed, shall be of no effect. The provisions of Rule 44 shall be deemed to apply to any such notice.

23. Filling of Casual Vacancies

- (1) In the case of any vacancy not occasioned by the retirement of any Committee Member by rotation the Committee may at any time, and from time to time, appoint an individual as a Committee Member to fill such a vacancy.
- (2) If the Committee resolves to increase the number of Members of the Committee within the limitations prescribed by Rule 13(1), the Committee may appoint an individual as an additional Member in order to fill any vacancy.
- (3) The Committee shall appoint under this Rule only an individual who -
 - (a) appears to it to be fit and proper to be a Committee Member, and
 - (b) is qualified under Rule 14(1)(d) (as far as that Rule is applicable), and
 - (c) is not a person who, having been nominated for election as a Member at any election held within the preceding 12 months, was not elected as a Member.
- (4) A Committee Member appointed under this Rule shall hold office until the conclusion of the Annual General Meeting next following such appointment or, if earlier, the expiration of the period of 16 months beginning with the date of his appointment.
- (5) A Committee Member appointed under this Rule and retiring under paragraph (4) above shall be eligible for election without nomination, provided that he is qualified under Rule 14(1) at the date of the Annual General Meeting at which he retires and is not ineligible by reason of age on that date, and he shall be a retiring Committee Member for the purposes of Rule 24(3).
- (6) Notwithstanding any vacancies on the Committee, the remaining Committee Members may continue to act. If at any time the number of Committee Members falls below the minimum of 5 prescribed by Rule 13, the Committee so constituted,

although its Members are insufficient to form a quorum, may act by a majority of its Members for a maximum period of eleven months but the Chairman shall, notwithstanding any regulation under Rule 13(4)(c) not have a second or casting vote.

24. Retirement by Rotation

- (1) In addition to any Committee Member retiring under Rule 22(1)(i) or 23(4), he shall retire after 5 years have elapsed from the date of his election unless his election was for a shorter period in which case he retires at the end of such shorter period. A retiring Committee Member provided he is nominated by the Committee for re-appointment at least fourteen days before the giving of notice for the Annual General Meeting is entitled to seek nomination for further periods of service up to the age of 70.
- (2) If at an Annual General Meeting there is no contest for the office of Committee Member, then any retiring Committee Member nominated by the Committee for re-election shall be deemed to be re-elected as a Committee Member. Such a Committee Member shall not be re-elected, however, if a resolution has been passed by four-fifths of votes cast on a poll that he shall cease to be a Committee Member.

25. Pension and Other Schemes and Funds

- (1) In this Rule the term "Officers" excludes any Committee Member who does not hold or has not held any executive position in the Society in addition to that of Committee Member.
- (2) The Committee may from the Society's resources and on such terms as it thinks fit provide, establish, maintain and administer pension, life assurance, sickness, annuity and other policies (whether contributory or not) for the benefit of:
 - (a) past, present or future Officers and employees of the Society;
 - (b) past and present Officers and employees of any Society with which the Society merges in the future;
 - (c) the spouses, children and dependants of persons referred to in sub-paragraphs (a) or (b) hereof.
- (3) In addition to the powers aforesaid the Committee may grant on such terms as it thinks fit other pensions, allowances, gratuities, donations and bonuses to or for the benefit of persons listed in paragraphs (a), (b) and (c) in paragraph (2) above.
- (4) The Committee may make, vary and revoke the Rules of any such fund or scheme as is mentioned in paragraph (2) (to such extent as this power is not thereby prohibited, or is found permissible) and may constitute any trust and may from time to time at its

discretion exercise any powers reserved to the Society by the terms of any trust constituted by the Society including the power of modifying or discontinuing the terms of any such trust or any Rules or regulations that may be or may have been made pursuant thereto.

26. Annual General Meetings

- (1) The Society shall hold an Annual General Meeting in each financial year at the Society's registered office 1 Kensington Road, Middlesbrough, Cleveland at 7 o'clock in the evening on the second Tuesday in June or at such hour, date and place as the Committee shall determine.
- (2) Not more than 15 months shall elapse between the date of one annual general meeting and that of the next.
- (3) If the Society holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the following year.
- (4) The Committee shall lay before the Members at the Annual General Meeting the Annual Accounts of the Society for the last financial year before the date of that meeting, and shall also submit to them a report by the Committee (called in these Rules "the Committee's Report") on the business of the Society, which Committee's Report shall include the information required by or under the Act and details of any bonuses determined by the Committee in accordance with Rule 5.
- (5) A copy of the Annual Accounts shall be sent free of charge on request to any member who would be eligible to vote at the Annual General Meeting.
- (6) In these Rules "Annual Accounts" means the classes of document (including the notes to them) which the Society is required (unless otherwise exempted) by or under the Act to prepare by way of accounts for itself individually and, if it has controlled bodies, by way of group accounts for itself and those controlled bodies.
- (7) The report of the auditors on -
 - (a) the Annual Accounts laid before the Annual General Meeting, and
 - (b) the Committee's Reportshall be laid before that meeting and shall be available for inspection by any member.
- (8) No business shall be transacted at an Annual General Meeting, and no resolution shall be brought forward at any such meeting, except as may arise upon -

- (a) the Annual Accounts laid before the meeting;
- (b) the Committee's Report submitted to the meeting;
- (c) the report of the Chief Executive/Secretary submitted to the meeting;
- (d) the report of the auditors on the documents listed in (a) and (b) above;
- (e) the election and re-election of committee members;
- (f) the appointment or re-appointment of auditors;
- (g) a motion for a resolution contained in a Members' Notice received by the Society in accordance with the provisions of Rule 28, and
- (h) business (including a motion for a resolution, whether special or ordinary, or a motion to add to, alter or rescind any of the Rules) brought before the meeting by the Committee.

27. Special General Meetings

- (1) All general meetings other than Annual General Meetings shall be called Special General Meetings.
- (2) The Committee may, whenever it thinks fit, convene a special general meeting.
- (3) The Committee shall convene a special general meeting on the requisition of not less than 50 members qualified under paragraph (7) below. The requisition shall state the objects of the meeting (which must not however include the election of a Committee member) and shall be signed by the requisitioners and deposited at the Registered Office and may consist of several documents in like form each signed by one or more requisitioners. A deposit of £10 in respect of each requisitioner signing the requisition shall be lodged with it. If within half an hour after the time appointed for the meeting a quorum is not present, all such deposits shall be forfeited but if a quorum is present the members present and entitled to vote at the meeting shall decide whether the deposits shall be appropriated either wholly or in part towards the expenses of convening and holding the meeting and to any extent to which the deposits are not so appropriated they shall be returned by the Society to the requisitioners equally.
- (4) If the Committee does not within 28 days after the date of deposit of the sole requisition, or the date of deposit of the last requisition sufficient to comply with the requirements of paragraph (3) above, proceed to advertise the convening of a meeting to be held within 63 days after that date, the requisitioners or any proportion of them

exceeding one-half may themselves convene a special general meeting. Any meeting so convened shall not be held after the expiration of five months from the date of the deposit of the sole or last requisition. The meeting so convened by the requisitioners shall be convened in the same manner, as nearly as possible, as that in which meetings are convened by the Committee. Any reasonable expenses incurred by the requisitioners by reason of the failure of the Committee duly to convene a meeting shall be paid to those requisitioners by the Society. Any sum so paid shall be recovered by the Society from the defaulting members of the Committee (whether by way of retention of fees or other remuneration in respect of services, or otherwise). The Committee or, as the case may be, the requisitioners, shall give the members notice of any resolution the requisitioners propose to move at the meeting at the same time and in the same manner as notice is given of the meeting.

- (5) No business shall be entertained at any special general meeting except such as shall be stated in the notice convening the meeting.
- (6) Except where the requisitioners themselves convene a special general meeting under paragraph (4) of this Rule, Special General Meetings shall be held at such hour, date and place as the Committee shall determine.
- (7) A member shall be qualified for the purposes of paragraph (3) above if he -
 - (a) has been a member of the Society for a continuous period of not less than two years prior to the date of the requisition, and
 - (b) is a person entitled to vote at a general meeting of the Society on the date of the requisition.

28. **Notice of Meetings**

- (1) At least 14 days' notice, expiring on the final date for the receipt of proxies under Rule 33, in writing of every general meeting (whether an Annual General Meeting or a Special General Meeting) specifying the hour, date and place of the meeting shall be given by advertisement in at least one newspaper circulating in the areas in which the members of the Society reside.
- (2) The notice shall specify -
 - (a) the nature of any resolution to be moved at the meeting and of the other business to be transacted thereat, and
 - (b) the full name of each candidate for the office of member of the Committee, or auditor, unless the nomination has been made, or in the case of an auditor his nomination has been received, too late for his candidature to be included in, or

to accompany, the notice.

- (3) The notice shall also state that in the case of a special resolution
 - (i) a member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him; and
 - (ii) the proxy need not be a member of the Society; and
 - (iii) the member may direct the proxy how to vote at the meeting.
- (4) The Annual General Meeting shall be described as such in the notice of meeting.
- (5) For the purposes of the following paragraphs of this Rule the following expressions shall have the following meanings:
 - (a) "Requisite Number" means 10, and
 - (b) "Members' Notice" means a notice given to the Society in writing (whether in one or more documents) by at least the Requisite Number of members, of their intention to have moved on their behalf at an Annual General Meeting a resolution that is specified in the notice and is either a Special Resolution or an ordinary resolution.
- (6) If the Society receives a Members' Notice, (subject to paragraphs (7) and (8) below) the Committee shall:
 - (a) include in the notice of the Annual General Meeting a notice specifying the intention of those members moving it to have the resolution moved on their behalf at that meeting and, if applicable, the intention to move it as a Special Resolution and
 - (b) at the request of the members intending to have the resolution moved on their behalf, include in the notice advertising the meeting a copy of any statement of not more than 100 words with respect to the matter referred to in the resolution.
- (7) The Committee shall be under no duty to include a Members' Notice
 - (a) in the notice of the Annual General Meeting, or
 - (b) in the advert calling such a meeting as in paragraph 6(b) above

if -

- (i) the Members' Notice (or the last of the documents sufficient to enable it to comply with the requirements of paragraph (5)(b) above) and, if submitted, any statement given (of the kind mentioned in paragraph (6)(b) above) are given to or lodged with the Society later than the last day of the financial year preceding that in which the Annual General Meeting at which it is intended to move the resolution is held; or
 - (ii) the resolution specified in the Members' Notice and, if lodged, any such statement does not relate directly to the affairs of the Society; or
 - (iii) the rights conferred by paragraph (6) above are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes; or
 - (iv) the resolution specified in the Members' Notice is in substantially the same terms as any resolution that has been defeated at a meeting during the period beginning with the third Annual General Meeting before the date on which the Members' Notice or the last of the documents sufficient to enable it to comply with the requirements of paragraph (5)(b) above is given to the Society.
- (8) If it is not practicable for any reason to include in the notice of the Annual General Meeting a notice given by members in accordance with paragraph (5)(b) hereof, the notice so given together with any statement lodged in accordance with that paragraph shall be advertised in a separate advert adjacent to or near to that calling the Annual General Meeting. If, however, that is not practicable, the notice so given and any statement so lodged shall be advertised as soon as practicable after the notice of that meeting.

29. Quorum at General Meetings

- (1) No business shall be considered at any Annual General Meeting or Special General Meeting unless a quorum is present, and a quorum shall be constituted for all purposes by 10 members present and entitled to vote (including the Committee). However, in respect of a Special General Meeting requisitioned by not less than 50 members under Rule 27(3) or (4) the quorum shall consist of 40 members.
- (2) If no quorum shall be present within half an hour after the time appointed for the Annual General Meeting or Special General Meeting, or if during such meeting a quorum ceases to be present, the chairman of the meeting shall adjourn it to such hour, date and place as he shall direct, unless it is a Special General Meeting requisitioned under Rule 27(3) or (4) whereupon the Chairman of the meeting shall dissolve it.

30. **Procedures at General Meetings**

- (1) The Chairman of the Committee (or, in his absence, the Vice-Chairman of the Committee) will preside at every general meeting of the Society. If there is no such Chairman or Vice-Chairman or if neither the Chairman nor the Vice-Chairman is present within fifteen minutes after the time appointed for the meeting or if both the Chairman and the Vice-Chairman are unwilling to act, the Committee members present shall elect one of their number to be chairman of the meeting. If at any meeting no Committee member is willing to act as chairman, or if no Committee member is present within fifteen minutes after the time appointed for the meeting, the members present and entitled to vote under Rule 27 or 31 above and to be included in the quorum for the meeting (Rule 29(1) refers) shall choose one of their number who is present to be the chairman of the meeting.
- (2) The chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place, but except as provided in paragraph (10) of this Rule no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.
- (3) Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at the adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
- (4) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- (5) Subject to the Act and these Rules every question submitted to an Annual General Meeting or Special General Meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands.
- (6) A poll may (before or on the declaration of the result of the show of hands) be demanded by -
 - (a) the chairman of the meeting, or
 - (b) 10 members who are entitled to vote at the meeting and are present in person, and in the case of a special resolution by proxy and in the event of such a demand, a poll shall be taken in accordance with paragraph (10) of this Rule, but no poll shall be permitted upon a resolution to appoint a chairman.

- (7) Unless a poll be so demanded, a declaration by the chairman that a resolution on a show of hands has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.
- (8) If a motion for a Special Resolution is to be put to the vote of the meeting or there is a contest for the office or appointment of a member of the Committee or auditor, a poll shall be deemed to have been demanded by the chairman.
- (9) Except in the case of a motion for a Special Resolution or of a contest for the office or appointment of Committee member or auditor, the demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- (10) If a poll is duly demanded in accordance with paragraph (6), it shall be taken at the meeting at which it is demanded or, if the chairman so decides, at an adjourned meeting and in either case in such manner, subject to paragraph (12) below, as the chairman directs and the result of the poll, shall, notwithstanding paragraph (3) of this Rule, be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken. The chairman may, in the event of a poll, appoint the scrutineers and may adjourn the meeting or adjourned meeting to some hour, date and place fixed by him for the purpose of declaring the result of the poll.
- (11) A poll demanded on a question of adjournment shall be taken forthwith and the result declared immediately upon the conclusion of the taking of the poll. A poll demanded on any other question shall not prevent the continuance of a meeting for the transaction of any business other than that upon which the poll has been demanded.
- (12) Voting papers to be used on a poll shall be valid only if they are issued by the Society.

31. **Entitlement of Members to Vote on Resolution**

- (1) Every member present or voting by proxy (and not disqualified by arrears or otherwise as mentioned in these Rules) shall have one vote, and when the votes are equal the then presiding officer shall have an additional or casting vote.
- (2) Each and every member attending a Special General Meeting requisitioned by 50 members or more members in accordance with Rule 27(3) is entitled to vote on any resolution put to the meeting.
- (3) The right to vote shall be limited to those persons on whom this Rule confers a right

to vote (subject to Rule 33).

32. Postal Ballots

(1) The Society may provide for the voting:-

- (a) in an election of the Committee, or
- (b) on any resolution (whether special or not),

to be conducted in all, or in any particular, circumstances by postal ballot; and in the Rules "ballot" or "postal ballot" in relation to an election or a resolution of the Society, means a postal ballot taking place by virtue of those Rules.

(2) Where a postal ballot is to take place, the following provisions shall have effect:-

- (a) notice of the postal ballot shall be given not less than 14 nor more than 56 days before the date which the Society specifies as the final date for the receipt of completed ballot papers (referred to in this paragraph as "the voting date");
- (b) notice of the postal ballot shall be given to every member of the Society who would be entitled to vote in the election or on the resolution if the voting date for the election or the resolution fell on the date of the notice;
- (c) notice of the postal ballot:-
 - (i) shall contain such other notices relating to the election or resolution; and
 - (ii) shall be accompanied by such other documents,

as would be required to be given or sent to a member in connection with the election or resolution had it been intended to hold the election or vote on the resolution at a meeting instead of by postal ballot with the exception, however, of any notice relating to voting by proxy at a meeting.

33. Appointment of Proxies

(1) A member entitled to attend and vote at a meeting of the Society where a Special Resolution is being put -

- (a) may appoint one person (whether a member or not) as his proxy to attend and, on a poll, to vote at the meeting instead of him, and

- (b) may direct the proxy how to vote at the meeting.
- (2) The instrument appointing a proxy or a representative shall be deposited at the Registered Office not less than 48 hours before the day appointed for holding the meeting, or adjourned meeting, and in default the instrument shall not be treated as valid.
- (3) An instrument appointing a proxy shall be in such form as the Committee may from time to time determine (provided that such form shall not limit the manner in which the person appointing the proxy may direct him to vote).
- (4) The Society may add to any instrument issued by it any explanatory notes it may think fit to assist appointors.
- (5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.
- (6) If a member who, at the final date for the receipt of proxy instruments determined under paragraph (2) above, is entitled to attend and vote at the meeting appoints a person as a proxy to vote instead of him at that meeting and then ceases after that date to be so entitled, that person may act as the member's proxy at that meeting.
- (7) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding -
 - (a) the previous death or mental disorder of the appointor or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, mental disorder, revocation or transfer as aforesaid shall have been received by the Society at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used;
 - (b) that since the last date specified for the deposit of instruments of proxy the appointor has ceased to be entitled to attend and vote at the meeting.
- (8) The Society shall advertise in the notice calling the Special General Meeting the right for proxy voting and will issue proxy voting forms to any member who requests them.

34. **Accounts, Systems of Control**

- (1) The Committee shall cause accounting records of the Society to be kept, and establish and maintain systems of control of its business and records and of inspection and report, in accordance with the Relevant Legislation. The records shall be preserved for a period of not less than 6 years or such longer period to enable verification of

contributions paid and entitlement to benefit to be established.

- (2) The Committee shall cause to be maintained separate accounts for, and which identify the separate assets of, any controlled bodies.
- (3) The Committee shall, before 1st July in each financial year, send to the Financial Services Authority a statement of their opinion whether the requirements of the Act and the Relevant Legislation have been complied with in respect of the last financial year by the Society.
- (4) The Committee shall in each financial year, not later than 30th June or 14 days before the annual general meeting, whichever is earlier, send two copies to the Financial Services Authority of the Annual Accounts for the last financial year, the Committee's report for that year and the auditors' report on those accounts.
- (5) The Secretary shall, as from the date by which at the latest the Committee is required by paragraph 4 above to send them to the Financial Services Authority, supply free of charge to every member on demand copies of the Annual Accounts for the last financial year, the Committee's report for that year and the auditors' report on those accounts, and he shall ensure that copies of such documents are also made available at every office of the Society.
- (7) That in respect of "Money Laundering" by customers the Committee shall appoint a money laundering reporting officer, who shall put the following procedures in place to conform with the Act and the Relevant Legislation:-
 - (a) customer identification;
 - (b) record keeping;
 - (c) reporting suspicious transactions to the N.C.I.S., and
 - (d) staff awareness.
- (9) The Committee shall maintain an Accounting Procedures and Controls Manual in accordance with the terms of which the Society's business should be conducted.

35. Inspection of Records

The Committee shall make the records of the Society available for inspection by any member or person having an interest in the funds of the Society at all reasonable hours, at the registered office of the Society, or at any place where the records are kept, and it shall be the duty of the secretary to produce the same accordingly. But such member or person shall not, unless he is an officer of the Society, or is specially authorised by a resolution of the Society to do so, have access to personal information

in respect of any other member (other than information contained in the register of members).

36. Auditors

- (1) At each Annual General Meeting the Society shall appoint an auditor to audit its annual accounts who is a person eligible for appointment as auditor of a Friendly Society. An individual or a firm may be appointed as auditor. The Society shall, within one week of the date of the meeting, notify the Financial Services Authority if no auditor has been appointed or re-appointed.
- (2) For the purpose of this Rule a person is eligible for appointment as auditor of a Friendly Society who is a member of any of the supervisory bodies recognised under the Companies Act 1989 and is not ineligible for appointment under the rules of that body. None of the following shall be appointed as auditor of the Society
 - (a) an officer or employee of the Society, or
 - (b) a partner or an employee of such a person or a partnership of which such a person is a partner, or
 - (c) a person who has, or whose immediate associates have, connections with the Society or any of its controlled bodies, or
 - (d) a person who is ineligible by virtue of section 27(1)(a) or (b) of the Companies Act 1989 or article 20(1) of the Companies (Northern Ireland) Order 1990.
- (3) The Committee may appoint an auditor to fill any casual vacancy occurring between general meetings of the Society.
- (4) The remuneration, including any sums in respect of expenses, to be paid to the auditor shall be fixed by the Committee.
- (5) A Society may by ordinary resolution in general meeting remove an auditor before expiration of his term of office, and notice of such resolution shall be sent, within 14 days, by the secretary to the Financial Services Authority. A resolution at an annual general meeting or a Special General Meeting of the Society:
 - (i) removing an auditor before the expiration of his term of office or
 - (ii) appointing another person as auditor in place of a retiring auditor

shall not be effective unless notice of the intention to move it has been given to the

secretary not less than 28 days before the meeting at which it is moved. On receipt of notice of intention to move any such resolution the secretary shall give notice of the resolution to the members and to the person proposed to be removed or, as the case may be, to the person to be appointed and to the retiring auditor. The secretary shall, unless on application the court directs otherwise, also inform the members of any representations made by the person proposed to be removed or, as the case may be, the retiring auditor, and shall make copies of the representations available at the meeting at which the resolution is to be moved.

- (6) Where the Society receives from an auditor a written notice of his resignation of office, the secretary shall, within 14 days, send a copy of that notice to the Financial Services Authority.
- (7) Where the Society receives from an auditor, on cessation of his office, a statement of any circumstances which he considers should be brought to the attention of the members and creditors of the Society, the secretary shall, unless on application the court directs otherwise, send a copy of such statement to the members.
- (8) Where the auditor, with a notice referred to in paragraph (6) above, requisitions the convening of a Special General Meeting of the Society for the purpose of considering an explanation of the circumstances connected with his resignation, the secretary shall within 21 days convene such a meeting for a day not more than 28 days after the date on which notice of the meeting is given and the Society will, unless on application the Court directs otherwise, comply with the requirements set out in paragraph 13 of Schedule 14 to the Act.

37. Actuary and Valuations

- (1) The Society shall have an Appointed actuary who shall be appointed under Section 44 of the Act. The Committee shall notify the Financial Services Authority of all appointments and changes.
- (2) The Committee shall arrange for the actuary to conduct an investigation and report accordingly into the financial condition of the Society in respect of its long term business, in accordance with the Act.
- (3) The Society shall keep adequate valuation records and establish and maintain systems of control of its business and records of valuation to enable the actuary to conduct such an investigation and report in accordance with the Act.
- (4) Should the period of valuation of any fund of the Society disclose a deficiency, the Committee may, after consultation with the actuary and acting upon his advice, institute such measures as may be deemed expedient to make good such deficiency.

- (5) Should the period of valuation of any fund of the Society disclose a surplus, the Committee may, after consultation with the actuary and acting upon his advice determine the distribution of all or part of the disclosed surplus such distribution to be compatible with any guidelines from time to time issued by the Financial Services Authority.

38. Application of Funds

- (1) All moneys received on account of contributions in accordance with these Rules and set down in the policy issued to each member, or on account of donations or otherwise, shall be applied in carrying out the purposes of the Society in accordance with the Rules.

- (3) Any transfer of assets between the Society and a controlled body should be at arms length and for a proper market value consideration and there shall be a proper apportionment of all items of money and expenses between a Society and its controlled bodies.

39. Investment of Funds

- (1) So much of the funds of the Society, as may not be wanted for immediate use, or to meet the usual accruing liabilities, shall be invested by the Society in the purchase of or at interest upon any property of whatever nature and wherever situate and whether producing income or not and whether involving liabilities or not and upon such security (including the making of loans secured on any policies issued by the Society) if any as it shall think fit to the intent and purpose that the Society shall have in relation to such funds all the powers of investment, management, sale, exchange, partition, mortgaging, leasing, charging, insurance and dealing with the same as the sole absolute beneficial owner thereof.

- (2) Without prejudice to the generality of the foregoing, advances may be made to members secured on mortgage of freehold or leasehold property (including houses in course of construction) and by way of collateral security such policy or policies issued by the Society owned by the borrower or by any other person joining in the mortgage as surety and on such terms as to repayment or otherwise as the Committee may require. The Committee may fix a specially reduced rate of interest on advances made to employees (including members of the Committee, the Chief Executive/Secretary, and Officials) and may impose such conditions in respect of advances at such reduced rate as the Committee may in its absolute discretion decide but subject always to the Act.

40. Disputes

- (1) If any dispute shall arise between a member or person claiming through a member or under the Rules, or any person aggrieved who has ceased to be a member, or any person claiming through such person aggrieved, and the Society, or any officer of the

Society, it shall be decided by reference to arbitration, under the conditions set out at subsection (2) of this Rule or, where both parties to the dispute so consent, by reference to the county court.

- (2) Five arbitrators shall be elected at an annual general meeting, none of them being directly or indirectly interested in the funds of the Society, and any vacancy or vacancies shall be filled at an annual general meeting. The complaining party to a dispute, or someone appointed by him, shall draw three names out of the five by lot and the three arbitrators whose names are first drawn shall decide the dispute.
- (3) In default of determination under subsection (2) above and upon the expiry of 40 days beginning with the day on which application was made for such determination, notwithstanding any provision of the Rules to the contrary, either party may apply for determination of the dispute by the county court.
- (4) In this Rule the expression "dispute" includes any dispute arising on the question whether a member or person aggrieved is entitled to be or to continue to be a member or to be reinstated as a member but, save as aforesaid, in the case of a person who has ceased to be a member, does not include:
 - (a) any dispute other than a dispute on a question which arose whilst he was a member or arises out of his previous relation as a member to the Society and
 - (b) a dispute which has arisen as a result of and incidentally to a dispute between a member, or person aggrieved who has ceased to be a member and a person claiming through him or under the Rules of the Society.

41. **Complaints**

- (1) The Committee may from time to time:
 - (a) Establish and amend such procedures as it may think fit; or
 - (b) Accede to any scheme or schemes;
For the investigation and resolution of complaints by Members or other person whom the Committee considers to have sufficient interest in the Society's business or activities to justify the investigation of the complaint. Such complaints may relate to any aspect of the Society's business or activities.
- (2) The Committee shall provide, free of charge, written details of any procedure or scheme from time to time in force under this Rule 41 to any member or other person requesting them, provided that the person (unless he is a member) had an interest as specified in paragraph (1) of this Rule.
- (3) The Society is a Member of the Financial Ombudsman Service. Any member may refer a complaint to the Ombudsman in accordance with the Rules of the Ombudsman Scheme from time to time in force.

42. **Voluntary Dissolution**

The Society may at any time be dissolved by an instrument of dissolution approved by a special resolution of the Society.

43. **Distribution of Surplus Assets on Winding-up or Dissolution**

Upon the winding-up of the Society, or upon its being dissolved by consent, any surplus remaining after payment in full of the society's creditors, shall be divided among those members who were members at the date of commencement of dissolution or winding-up so that the amount of remaining surplus which each member receives will be the same proportion thereof as that member's financial interest in the Society, as certified by the appointed actuary, bears to the society's total assets.

44. **Notices**

All summonses and notices shall be deemed to have been duly served if addressed to the member or person for whom they are intended at his last known address and delivered or sent by post to that address.

45. **Copies of Memorandum and Rules**

The secretary shall on request give a copy of the memorandum and these Rules

(i) free of charge, to any member of the Society to whom a copy of these documents has not previously been given;

and

(ii) to any other person on payment of a reasonable fee.

46. **Alteration to Memorandum and Rules**

(1) The majority of the members at a general meeting of which notice has been given specifying the intention to propose an alteration to the memorandum or Rules may alter them by adding, rescinding or varying any provision.

(2) Any alteration of the memorandum of the Society to include among its purposes and powers the carrying on of any activity concerning the control of subsidiaries and other bodies corporate such as is mentioned in section 13(1) of the Act must be adopted by a special resolution of the Society in general meeting; and any amendment of a provision in its memorandum which permits it to do so must also be so adopted.

(3) Copies of a record of every alteration to the Society's memorandum or Rules shall be sent to the Financial Services Authority within 3 months of the date when the alteration was made.

(4) No alteration of the Society's memorandum or Rules shall take effect until it is

registered or until such later date as is specified in the record of alteration.

(5) The Society may change its name by a resolution of the Society in general meeting after the giving of such notice as is required for a special resolution. Notice of the change shall be sent to the Financial Services Authority in the directed form.

(6) The Society may change its registered office by resolution of the Committee. Notice of the change shall be sent to the Financial Services Authority in the directed form within 3 months.

47. **Validity of Previous Rules**

No Rules of The Kensington Friendly Collecting Society registered under the Friendly Societies Act 1974 shall have effect on the incorporation of The Kensington Friendly Collecting Society Limited under the Act.

48. **Applicable Law**

Subject to the mandatory requirements of the law of a member state, or part thereof, the applicable law in respect of contracts of insurance entered into by virtue of these Rules, and any other contracts of insurance entered into with the Society, shall be English law.

50. **Transfer of Engagements**

The Society may amalgamate with or accept the transfer of engagements of another Friendly Society in accordance with the Act or may accept the transfer of long-term business from an insurance company in accordance with the Insurance Companies (Transfer of Long Term Business) Regulations 1990 subject in all cases to the approval of the Society's actuary.

.....)
.....)
.....)
.....) **Seven Members**
.....)
.....)
.....)

..... **Secretary and**
..... **Chief Executive**

APPENDIX 1

FORMS OF NOMINATION, REVOCATION AND VARIATION

1. **Nomination** (Unspecified Sum)

The Kensington Friendly Collecting Society Limited registered under the Friendly Societies Act 1992.

I..... of (postal address).....a member of the above-named Society, hereby nominate..... of (postal address)..... as the person to whom any sum of money payable by the Society on my decease, not exceeding the limit for the time being specified by law, shall be paid.

Dated.....19..Signature

Witness

2. **Nomination** (Specified Sum)

The Kensington Friendly Collecting Society Limited registered under the Friendly Societies Act 1992.

I..... of (postal address).....a member of the above-named Society, hereby nominateas the person to whom £.....of the money payable on my decease shall be paid.

Dated.....19..Signature

Witness

3. **Revocation**

The Kensington Friendly Collecting Society Limited registered under the Friendly Societies Act 1992.

I hereby revoke the nomination made by me on theday of.....19..

Dated.....19..Signature

Witness

4. **Variation**

The Kensington Friendly Collecting Society Limited registered under the Friendly Societies Act 1992.

I hereby vary the nomination made by me on theday of19..
(here state the variation desired)

Dated.....19..Signature

Witness