
CO-OPERATIVE AND COMMUNITY BENEFITS SOCIETIES ACT 2014

RULES OF

SOUTH WEST MUTUAL LIMITED

DATE OF RULES (LAST AMENDED): 29/07/2020

1 Name

The name of the Co-operative Society is South West Mutual Limited (**the SOCIETY**).

2 Registered Office

2.1 The SOCIETY must have a Registered Office in the territory.

2.2 The Registered Office of the SOCIETY is Devonport Guildhall, Ker Street, Plymouth. PL1 4EL.

2.3 The Board may from time to time by resolution change the place of the Registered Office

3 Objects

The Objects of the SOCIETY are the provision of banking and financial services to its members.

4 Powers

4.1 Within the applicable rules and regulations and limitations imposed by the relevant regulatory authorities the SOCIETY has power to do anything which is calculated to further its objects or is conducive or incidental to doing so.

4.2 In particular, the SOCIETY's powers include powers to:

4.2.1 borrow money and to charge the whole or any part of its assets as security for the repayment of the money borrowed;

4.2.2 raise funds by the issue of transferable and/or non-transferable shares consistent with clause 32 (Share Capital) as the Board may from time to time in its absolute discretion determine;

4.2.3 buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;

4.2.4 sell, lease or otherwise dispose of all or any part of the assets belonging to the SOCIETY. In exercising this power;

4.2.5 employ and remunerate such staff as are necessary for carrying out the work of the SOCIETY. The SOCIETY may employ or remunerate a director only to the extent that it is

permitted to do so by clause 8 (Benefits and payments to directors and connected persons) and provided it complies with the conditions of that clause;

- 4.2.6 the SOCIETY may invest any part of its funds in the manner set out in section 27 of the Act;
- 4.2.7 deposit or invest funds, employ a professional fund-manager, and arrange for the investments or other assets of the SOCIETY to be held in the name of a nominee, in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000;
- 4.2.8 develop and make available to members retail and commercial financial services and products;
- 4.2.9 accept deposits and pay interest to the depositor;
- 4.2.10 lend money, secured or unsecured and charge interest to the borrower;
- 4.2.11 participate in wholesale financial and insurance markets for the benefit of members;
- 4.2.12 form and manage syndicates of members to lend money, secured or unsecured, to a resident and charge interest and fees to the borrower;
- 4.2.13 form and manage syndicates of members to fund and/or develop charitable activities and donations for a resident.

5 Limitation on Powers

The SOCIETY shall not have power to:

- 5.1 make any changes to this constitution which have not been approved at a general meeting of the SOCIETY where the proposed changes achieved at least a seventy five percent majority of the votes cast;
- 5.2 engage in any activity by virtue of any of these Rules that would require a permission from the appropriate regulator to carry on that activity without first having applied for and obtained such permission;
- 5.3 undertake any activities which are not consistent with clause 6 (Prudent and Responsible Banking); or
- 5.4 undertake investments and/or trading in financial products and/or services on its own account.

6 Prudent and Responsible Banking

The SOCIETY will operate in a prudent and responsible manner and will organise its affairs to incorporate the following guiding principles:

- 6.1 the SOCIETY believes that local knowledge is vital for the prudent management of its affairs and that this knowledge will best be found in those staff closest to the residents within its territory;

- 6.2 the SOCIETY wishes to avoid bad debts and believes that this is best achieved by lending to members within its territory;
- 6.3 the SOCIETY wishes to be a prudent and responsible lender and this will be reflected in its appetite for risk taking and in its avoidance of lending to over indebted members irrespective of the pricing of any such loans;
- 6.4 asset/liabilities mismatches (including duration, maturity, interest rate setting mechanism, and currency) in both the balance sheet of the SOCIETY and its borrowers are a source of great potential risk to the SOCIETY and are to be prudently managed;
- 6.5 the SOCIETY will not provide any form of director or staff incentive which will, or will be likely to, encourage or reward imprudent and/or irresponsible behaviour;
- 6.6 the SOCIETY will maintain adequate reserves;
- 6.7 the SOCIETY exists to advance its objectives in clause 3 (Objects) and will not engage in speculative financial transactions on its own account.

7 Application of and restrictions on use of income and assets

- 7.1 All income and/or assets that the directors determine are not required to satisfy the regulatory reserve requirements of the SOCIETY must be applied solely towards the promotion of the Objects, provided that:
 - 7.1.1 a director is entitled (i) to such remuneration as is approved by the Board or the SOCIETY in accordance with clause 8.2 (Remuneration and Expenses of Directors) and (ii) to be reimbursed from the assets of the SOCIETY or may pay out of such assets reasonable expenses properly incurred by him or her when acting on behalf of the SOCIETY; and
 - 7.1.2 a director may benefit from director indemnity insurance cover purchased at the SOCIETY's expense.
- 7.2 None of the surplus or assets of the SOCIETY may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to a non-member of the SOCIETY.

8 Benefits and payments to directors and connected persons

8.1 General provisions

No director or staff or connected person may:

- 8.1.1 buy or receive any goods or services from the SOCIETY on terms preferential to those applicable to members;

8.2 Remuneration and Expenses of Directors

Any and all payments to a director must be consistent with clause 6.5 (Prudent and responsible banking).

- 8.2.1 Until the first annual general meeting the remuneration to be paid to each director shall be approved by the Founder Members.
- 8.2.2 At each annual general meeting the Board shall put to a vote of the members a resolution requesting approval for any changes to the elements and/or cap of the remuneration of each director.
- 8.2.3 A director who is appointed between annual general meetings shall have their initial remuneration determined by the Board. At the next annual general meeting the provisions of clause 8.2.1 shall apply.
- 8.2.4 At each annual general meeting the Board shall inform the meeting of the remuneration and expenses paid to each director.
- 8.2.5 In addition to any such remuneration, any director may be paid such reasonable travelling, accommodation and other expenses as he/she might incur while attending to SOCIETY business with the approval of the Board.
- 8.2.6 A director may also, by resolution of the Board, be paid for professional or other work done by him/herself in addition to his/her duties as a director.

8.3 **Payment for supply of goods only – controls**

A director or staff or connected person may enter into a contract for the supply of services or of goods to the SOCIETY provided each of the following conditions is satisfied:

- 8.3.1 The amount or maximum amount of the payment for the goods is set out in a written agreement between the SOCIETY and the director or staff or connected person supplying the goods (**the supplier**).
- 8.3.2 The amount or maximum amount of the payment for the goods does not exceed what is reasonable in the circumstances for the supply of the goods in question.
- 8.3.3 The other directors are satisfied that it is in the best interests of the SOCIETY to contract with the supplier rather than with someone who is not a director or staff or connected person. In reaching that decision the directors must balance the advantage of contracting with a director or staff or connected person against the disadvantages of doing so.
- 8.3.4 The supplier is absent from the part of any meeting at which there is discussion of the proposal to enter into a contract or arrangement with him or her or it with regard to the supply of goods to the SOCIETY.
- 8.3.5 The supplier does not vote on any such matter and is not to be counted when calculating whether a quorum of trustee directors is present at the meeting.
- 8.3.6 The reason for their decision is recorded by the directors in the minute book.

8.4 **In sub-clause 8.3 of this clause:**

- 8.4.1 'the SOCIETY' includes any company in which the SOCIETY:
 - (a) holds more than 50% of the shares; or

- (b) controls more than 50% of the voting rights attached to the shares; or
- (c) has the right to appoint one or more directors to the board of the company;

8.4.2 'connected person' includes any person within the definition set out in clause 33 (Interpretation);

9 Conflicts of interest and conflicts of loyalty

A director must:

- 9.1 declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the SOCIETY or in any transaction or arrangement entered into by the SOCIETY which has not previously been declared; and
- 9.2 absent himself or herself from any discussions of the directors in which it is possible that a conflict of interest will arise between his or her duty to act solely in the interests of the SOCIETY and any personal interest (including but not limited to any financial interest).

Any director absenting himself or herself from any discussions in accordance with this clause must not vote or be counted as part of the quorum in any decision of the directors on the matter.

10 Liability of members to contribute to the assets of the SOCIETY if it is wound up

If the SOCIETY is wound up, the members of the SOCIETY have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

11 Membership of the SOCIETY

11.1 Admission of new members

11.1.1 Eligibility

Membership of the SOCIETY is open to anyone who, by applying for membership, has indicated his or her or its agreement to become a member and acceptance of the duty of members set out in clause 11.3 (Duty of members). A member may only receive a banking or other financial service from the SOCIETY if the member is a resident when he/she/it first opens an account with the SOCIETY.

11.1.2 Admission procedure

The directors:

- (a) may require applications for membership to be made in any reasonable way that they decide;
- (b) shall, if they approve an application for membership, notify the applicant of their decision within 21 days;
- (c) may refuse an application for membership if they believe that it is in the best interests of the SOCIETY for them to do so;

- (d) shall, if they decide to refuse an application for membership, give the applicant their reasons for doing so, within 21 days of the decision being taken, and give the applicant the opportunity to appeal against the refusal; and
- (e) shall give fair consideration to any such appeal, and shall inform the applicant of their decision, but any decision to confirm refusal of the application for membership shall be final.

11.2 Transfer of membership

Membership of the SOCIETY cannot be transferred to anyone else.

11.3 Duty of members

It is the duty of each member of the SOCIETY to exercise his or her powers as a member of the SOCIETY in the way he or she decides in good faith would be most likely to further the objectives of the SOCIETY.

11.4 Termination of membership

11.4.1 Membership of the SOCIETY comes to an end if:

- (a) the member dies, or, in the case of an organisation or the representative of an organisation that organisation ceases to exist; or
- (b) the member sends a notice of resignation to the directors; or
- (c) any sum of money owed by the member to the SOCIETY is not paid in full within six months of its falling due; or
- (d) the directors decide that it is in the best interests of the SOCIETY that the member in question should be removed from membership, and pass a resolution to that effect.

11.4.2 Before the directors take any decision to remove someone from membership of the SOCIETY they must:

- (a) inform he, she or it of the reasons why it is proposed to remove him, her or it from membership;
- (b) give he, she or it at least 21 clear days notice in which to make representations to the directors as to why he, she or it should not be removed from membership;
- (c) at a duly constituted meeting of the directors, consider whether or he, she or it should be removed from membership;
- (d) consider at that meeting any representations which he, she or it makes as to why the member should not be removed; and
- (e) allow he, she or it, or their representative, to make those representations in person at that meeting, if he, she or it so chooses.

11.5 Proceedings on death or bankruptcy of a member

- (a) A member may, in accordance with the Act, nominate a person or persons to whom any of their property held by the SOCIETY shall be transferred at their death.
- (b) Upon a claim being made to any property held by the SOCIETY by the personal representatives of a deceased member or the trustees in bankruptcy of a bankrupt member, or the receivers or liquidators of an insolvent member, the SOCIETY shall, on receiving satisfactory proof of the death of the member who has made a nomination or the authority of a trustee in bankruptcy or receiver or liquidator, pay or transfer any property to which the representative or trustee or receiver or liquidator has become entitled as they may direct.

11.6 Membership fees

The SOCIETY may require members to pay reasonable membership fees to the SOCIETY.

12 Members' decisions

12.1 General provisions

Except for those decisions that must be taken in a particular way as indicated in clause 12.4, decisions of the members of the SOCIETY may be taken either by vote at a general meeting as provided in clause 12.2 or by written resolution as provided in clause 12.3.

12.2 Taking ordinary decisions by vote

Every member shall have one vote only on each question to be decided. Subject to clause 12.4, any decision of the members of the SOCIETY may be taken by means of a resolution at a general meeting. Such a resolution may be passed by a simple majority of votes cast at the meeting (including votes cast by postal or email ballot, and proxy votes).

12.3 Taking ordinary decisions by written resolution without a general meeting

12.3.1 Subject to clause 12.4, a resolution in writing agreed by a simple majority of all the members who would have been entitled to vote upon it had it been proposed at a general meeting shall be effective, provided that:

- (a) a copy of the proposed resolution has been sent to all the members eligible to vote; and
- (b) a simple majority of members has signified its agreement to the resolution in a document or documents which are received at the principal office within the period of 28 days beginning with the circulation date. The document signifying a member's agreement must be authenticated by their signature (or in the case of an organisation which is a member, by execution according to its usual procedure), by a statement of their identity accompanying the document, or in such other manner as the SOCIETY has specified.

12.3.2 The resolution in writing may comprise several copies to which one or more members has signified their agreement.

- 12.3.3 Eligibility to vote on the resolution is limited to members who are members of the SOCIETY on the date when the proposal is first circulated in accordance with clause 12.3.1(a) above.
- 12.3.4 Not less than 10% of the members of the SOCIETY may request the directors to make a proposal for decision by the members.
- 12.3.5 The directors must within 21 days of receiving such a request comply with it if:
- (a) The proposal is not frivolous or vexatious, and does not involve the publication of defamatory material;
 - (b) The proposal is stated with sufficient clarity to enable effect to be given to it if it is agreed by the members; and
 - (c) Effect can lawfully be given to the proposal if it is so agreed.
- 12.3.6 Clauses 12.3.1 to 12.3.3 apply to a proposal made at the request of members.

12.4 Decisions that must be taken in a particular way

- 12.4.1 Any decision to remove a director must be taken in accordance with clause 17.2.
- 12.4.2 Any decision to amend these Rules must be taken in accordance with clause 29 (Amendment of Rules).
- 12.4.3 Any decision to wind up or dissolve the SOCIETY must be taken in accordance with clause 30 (Voluntary winding up or dissolution).

13 General meetings of members

13.1 Types of general meeting

There must be an annual general meeting (AGM) of the members of the SOCIETY. The first AGM must be held within 18 months of the registration of the SOCIETY, and subsequent AGMs must be held at intervals of not more than 15 months. The AGM must receive the annual statement of accounts (duly audited or examined where applicable) and the directors' annual report, and must elect directors as required under clause 15 (Appointment of directors).

Other general meetings of the members of the SOCIETY may be held at any time.

All general meetings must be held in accordance with the following provisions.

13.2 Calling general meetings

- 13.2.1 The directors:
- (a) must call the annual general meeting of the members of the SOCIETY in accordance with clause 13.1, and identify it as such in the notice of the meeting; and
 - (b) may call any other general meeting of the members at any time.

- 13.2.2 The directors must, within 21 days, call a general meeting of the members of the SOCIETY if:
- (a) they receive a request to do so from at least 10% of the members of the SOCIETY; and
 - (b) the request states the general nature of the business to be dealt with at the meeting, and is authenticated by the member(s) making the request.
- 13.2.3 If, at the time of any such request, there has not been any general meeting of the members of the SOCIETY for more than 12 months, then clause 13.2.2(a) shall have effect as if 5% were substituted for 10%.
- 13.2.4 Any such request may include particulars of a resolution that may properly be proposed, and is intended to be proposed, at the meeting.
- 13.2.5 A resolution may only properly be proposed if it is lawful, and is not defamatory, frivolous or vexatious.
- 13.2.6 Any general meeting called by the directors at the request of the members of the SOCIETY must be held within 28 days from the date on which it is called.
- 13.2.7 If the directors fail to comply with this obligation to call a general meeting at the request of its members, then the members who requested the meeting may themselves call a general meeting.
- 13.2.8 A general meeting called in this way must be held not more than 3 months after the date when the members first requested the meeting.
- 13.2.9 The SOCIETY must reimburse any reasonable expenses incurred by the members calling a general meeting by reason of the failure of the directors to duly call the meeting, but the SOCIETY shall be entitled to be indemnified by the directors who were responsible for such failure.
- 13.3 Notice of general meetings**
- 13.3.1 The directors, or, as the case may be, the relevant members of the SOCIETY, must give at least 14 clear days notice of any general meeting to all of the members, and to any director of the SOCIETY who is not a member.
- 13.3.2 If it is agreed by not less than 90% of all members of the SOCIETY, any resolution may be proposed and passed at the meeting even though the requirements of clause 13.3.1 have not been met. This sub-clause does not apply where a specified period of notice is strictly required by another clause in these Rules or by the General Regulations.
- 13.3.3 The notice of any general meeting must:
- (a) state the time and date of the meeting:
 - (b) give the address at which the meeting is to take place;

- (c) give particulars of any resolution which is to be moved at the meeting, and of the general nature of any other business to be dealt with at the meeting; and
- (d) if a proposal to alter the Rules of the SOCIETY is to be considered at the meeting, include the text of the proposed alteration;
- (e) include, with the notice for the AGM, the annual statement of accounts and directors' annual report, details of persons standing for election or re-election as director, or where allowed under clause 24 (Use of electronic communication), details of where the information may be found on the SOCIETY's website.

13.3.4 Proof that an envelope containing a notice was properly addressed, prepaid and posted; or that an electronic form of notice was properly addressed and sent, shall be conclusive evidence that the notice was given. Notice shall be deemed to be given 48 hours after it was posted or sent.

13.3.5 The proceedings of a meeting shall not be invalidated because a member who was entitled to receive notice of the meeting did not receive it because of accidental omission by the SOCIETY.

13.4 **Chairing of general meetings**

The person nominated as chair by the directors under clause 21.2 (Chairing of meetings), shall, if present at the general meeting and willing to act, preside as chair of the meeting. Subject to that, the members of the SOCIETY who are present at a general meeting shall elect a chair to preside at the meeting.

13.5 **Quorum at general meetings**

13.5.1 No business may be transacted at any general meeting of the members of the SOCIETY unless a quorum is present when the meeting starts.

13.5.2 Subject to the following provisions, the quorum for general meetings shall be the lesser of 5% or 50 members. A member having sent a written voting paper or having sent an electronic voting paper or having sent a proxy to vote on their behalf is counted as being present in person. An organisation represented by a person present at the meeting in accordance with clause 13.7, is counted as being present in person.

13.5.3 If the meeting has been called by or at the request of the members and a quorum is not present within 15 minutes of the starting time specified in the notice of the meeting, the meeting is closed.

13.5.4 If the meeting has been called in any other way and a quorum is not present within 15 minutes of the starting time specified in the notice of the meeting, the chair must adjourn the meeting. The date, time and place at which the meeting will resume must either be announced by the chair or be notified to the SOCIETY's members at least seven clear days before the date on which it will resume.

13.5.5 If a quorum is not present within 15 minutes of the start time of the adjourned meeting, the member or members present at the meeting constitute a quorum.

- 13.5.6 If at any time during the meeting a quorum ceases to be present, the meeting may discuss issues and make recommendations to the directors but may not make any decisions. If decisions are required which must be made by a meeting of the members, the meeting must be adjourned.

13.6 **Voting at general meetings**

- 13.6.1 Any decision other than one falling within clause 12.4 (Decisions that must be taken in a particular way) shall be taken by a simple majority of votes cast at the meeting (including proxy and postal votes). Every member has one vote unless otherwise provided in the rights of a particular class of membership under these Rules.
- 13.6.2 A resolution put to the vote of a meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is duly demanded. A poll may be demanded by the chair or by at least 10% of the members present in person or by proxy at the meeting.
- 13.6.3 A poll demanded on the election of a person to chair the meeting or on a question of adjournment must be taken immediately. A poll on any other matter shall be taken, and the result of the poll shall be announced, in such manner as the chair of the meeting shall decide, provided that the poll must be taken, and the result of the poll announced, within 30 days of the demand for the poll.
- 13.6.4 A poll may be taken
- (a) at the meeting at which it was demanded; or
 - (b) at some other time and place specified by the chair; or
 - (c) through the use of postal or electronic communications.
- 13.6.5 In the event of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting shall have a second, or casting vote.
- 13.6.6 Any objection to the qualification of any voter must be raised at the meeting at which the vote is cast and the decision of the chair of the meeting shall be final.

13.7 **Representation of organisations and corporate members**

An organisation or a corporate body that is a member of the SOCIETY may, in accordance with its usual decision-making process, authorise a person to act as its representative at any general meeting of the SOCIETY. The representative is entitled to exercise the same powers on behalf of the organisation or corporate body as the organisation or corporate body could exercise as an individual member of the SOCIETY.

13.8 **Adjournment of meetings**

The chair may with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting to another time and/or place. No business may be transacted at an adjourned meeting except business which could properly have been transacted at the original meeting.

14 Directors

14.1 Functions and duties of directors

The directors shall manage the affairs of the SOCIETY and may for that purpose exercise all the powers of the SOCIETY as may be exercised and done by the SOCIETY and as are not by statute or by these Rules required to be exercised or done by the SOCIETY in general meeting. It is the duty of each director:

- 14.1.1 to exercise his or her powers and to perform his or her functions as a director of the SOCIETY in the way he or she decides in good faith would be most likely to further the objectives of the SOCIETY; and
- 14.1.2 to exercise, in the performance of those functions, such care and skill as is reasonable in the circumstances having regard in particular to:
 - (a) any special knowledge or experience that he or she has or holds himself or herself out as having; and
 - (b) if he or she acts as a director of the SOCIETY in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

14.2 Eligibility for trustee directorship

- 14.2.1 Every director must be a natural person.
- 14.2.2 No one may be appointed as a director:
 - (a) If he or she is not a member of the SOCIETY; or
 - (b) if he or she is under the age of 18 years; or
 - (c) if he or she would automatically cease to hold office under the provisions of clause 17.1 (Retirement and removal of directors).
- 14.2.3 No one is entitled to act as a director whether on appointment or on any re-appointment until he or she has expressly acknowledged, in whatever way the Board decide, his or her acceptance of the office of director.
- 14.2.4 At least one of the trustees of the SOCIETY must be 21 years of age or over. If there is no director aged at least 21 years, the remaining directors or director may act only to call a meeting of the directors or appoint a new director.

14.3 Number of directors

- 14.3.1 Until the second annual general meeting of the members of the SOCIETY there must be a minimum of two directors. From the close of the second annual general meeting of the members of the SOCIETY there must be a minimum of four directors. If the number of directors of the SOCIETY falls below the minimum, the remaining directors or director may act only to call a meeting of the directors or appoint a new director.

14.3.2 The maximum number of directors is twelve. The directors may not appoint any director if as a result the number of directors would exceed the maximum.

14.3.3 A majority of the members of the Board must be trustee directors.

14.4 First directors and founding members

14.4.1 The first members of the SOCIETY will be The Founder Members of the SOCIETY who are set out in clause 34.

14.4.2 The first trustee directors of the SOCIETY are as follows and are appointed for the following terms

(a) Mark Drewell for 3 years;

(b) Tony Greenham for 4 years.

15 Appointment of directors

15.1 Elected directors

15.1.1 At the first and second annual general meeting of the members of the SOCIETY none of the directors shall retire from office;

15.1.2 At every subsequent annual general meeting of the members of the SOCIETY, one-third of the elected directors shall retire from office. If the number of elected directors is not three or a multiple of three, then the number nearest to one-third shall retire from office, but if there is only one director, he or she shall not retire;

15.1.3 The directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment. If any directors were last appointed or reappointed on the same day those to retire shall (unless they otherwise agree among themselves and subject also to clause 14.4.2) be determined by lot;

15.1.4 The vacancies so arising may be filled by the decision of the members at the annual general meeting; any vacancies not filled at the annual general meeting may be filled as provided in clause 15.1.5;

15.1.5 The members or the directors may at any time decide to appoint a new director, whether in place of a director who has retired or been removed in accordance with clause 17 (Retirement and removal of directors), or as an additional director, provided that the limit specified in clause 14.3 on the number of directors would not as a result be exceeded;

15.1.6 A person so appointed by the members of the SOCIETY shall retire in accordance with the provisions of clauses 15.1.1 and 15.1.3. A person so appointed by the directors shall retire at the conclusion of the annual general meeting next following the date of his appointment and shall not be counted for the purpose of determining which of the directors is to retire by rotation at that meeting.

15.2 At the third and every subsequent annual general meeting of the members of the SOCIETY a majority of the elected trustees must be approved persons.

16 Information for new directors

The directors will make available to each new director, on or before his or her first appointment:

- 16.1 a copy of these Rules and any amendments made to it; and
- 16.2 a copy of the SOCIETY's latest director annual report and statement of accounts.

17 Retirement and removal of directors

- 17.1 A director ceases to hold office if he or she:
 - 17.1.1 retires by notifying the SOCIETY in writing (but only if enough directors will remain in office when the notice of resignation takes effect to form a quorum for meetings);
 - 17.1.2 is absent without the permission of the Board from all their meetings held within a period of six months and the Board resolve that his or her office be vacated;
 - 17.1.3 dies;
 - 17.1.4 in the written opinion, given to the SOCIETY, of a registered medical practitioner treating that person, has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - 17.1.5 is removed by a meeting of the Board in accordance with clause 17.2;
 - 17.1.6 is removed by the members of the SOCIETY in accordance with clause 17.3; or
 - 17.1.7 is disqualified from acting as a company director.
- 17.2 A director shall be removed from office if a resolution to remove that director is proposed at a meeting of Board convened for that purpose and properly carried in accordance with clause 21 (Meetings and Procedures of directors) and the resolution is passed by a two thirds majority of votes cast at the meeting.
- 17.3 A director shall be removed from office if a resolution to remove that director is proposed at a general meeting of the members called for that purpose and properly convened in accordance with clause 13 (General meetings of members), and the resolution is passed by a two-thirds majority of votes cast at the meeting.
- 17.4 A resolution to remove a director in accordance with clause 17.3 above shall not take effect unless the individual concerned has been given at least 14 clear days' notice in writing that the resolution is to be proposed, specifying the circumstances alleged to justify removal from office, and has been given a reasonable opportunity of making oral and/or written representations to the members of the SOCIETY.

18 Reappointment of directors

Any person who retires as a director by rotation or by giving notice to the SOCIETY is eligible for reappointment. A trustee director who has served for three consecutive terms may not be reappointed for a fourth consecutive term but may be reappointed after an interval of at least three years.

19 Taking of decisions by directors

Any decision may be taken either:

- 19.1 at a meeting of the directors; or
- 19.2 by resolution in writing or electronic form agreed by all of the directors, which may comprise either a single document or several documents containing the text of the resolution in like form to each of which one or more directors has signified their agreement.

20 Delegation by directors

- 20.1 The directors may delegate any of their powers or functions to a committee or committees, and, if they do, they must determine the terms and conditions on which the delegation is made. The directors may at any time alter those terms and conditions or revoke the delegation.
- 20.2 This power is in addition to the power of delegation in the General Regulations and any other power of delegation available to the directors, but is subject to the following requirements:
 - 20.2.1 with the exception of the executive committee, a committee may consist of two or more persons, but at least one member of each committee must be a trustee director;
 - 20.2.2 the executive committee may consist of two or more persons and no trustee director may be a member of or routinely attend this committee;
 - 20.2.3 the acts and proceedings of any committee must be brought to the attention of the directors as a whole as soon as is reasonably practicable; and
 - 20.2.4 the directors shall from time to time review the arrangements which they have made for the delegation of their powers.

21 Meetings and proceedings of directors

21.1 Calling meetings

- 21.1.1 Any director may call a meeting of the directors.
- 21.1.2 Subject to that, the directors shall decide how their meetings are to be called, and what notice is required.

21.2 Chairing of meetings

The directors may appoint one of the trustee directors to chair their meetings and may at any time revoke such appointment. If no-one has been so appointed, or if the person appointed is unwilling to preside or is not present within 10 minutes after the time of the meeting, the directors present may appoint one of the trustee directors present to chair that meeting.

21.3 Procedure at meetings

- 21.3.1 No decision shall be taken at a meeting unless a quorum is present at the time when the decision is taken. The quorum is two directors, or the number nearest to one third of the

total number of directors, whichever is greater, or such larger number as the directors may decide from time to time. A director shall not be counted in the quorum present when any decision is made about a matter upon which he or she is not entitled to vote.

21.3.2 Questions arising at a meeting shall be decided by a simple majority of those eligible to vote subject to any provision of these Rules requiring a two-thirds majority.

21.3.3 In the case of an equality of votes, the chair shall have a second or casting vote.

21.4 Participation in meetings by electronic means

21.4.1 A meeting may be held by suitable electronic means agreed by the directors in which each participant may communicate with all the other participants.

21.4.2 Any director participating at a meeting by suitable electronic means agreed by the directors in which a participant or participants may communicate with all the other participants shall qualify as being present at the meeting.

21.4.3 Meetings held by electronic means must comply with rules for meetings, including chairing and the taking of minutes.

22 Saving provisions

22.1 Subject to clause 22.2, all decisions of the directors, or of a committee of directors, shall be valid notwithstanding the participation in any vote of a director:

22.1.1 who was disqualified from holding office;

22.1.2 who had previously retired or who had been obliged by the Rules to vacate office; or

22.1.3 who was not entitled to vote on the matter, whether by reason of a conflict of interest or otherwise;

if, without the vote of that director and that director being counted in the quorum, the decision has been made by a majority of the directors at a quorate meeting.

22.2 Clause 22.1 does not permit a director to keep any benefit that may be conferred upon him or her by a resolution of the directors or of a committee of directors if, but for clause 22.1, the resolution would have been void, or if the director has not complied with clause 9 (Conflicts of interest and conflicts of loyalty).

23 Execution of documents

23.1 The SOCIETY shall execute documents either by signature or by affixing its seal (if it has one).

23.2 A document is validly executed by signature if it is signed by at least two of the directors.

23.3 If the SOCIETY has a seal:

23.3.1 it must comply with the provisions of the General Regulations; and

- 23.3.2 it must only be used by the authority of the directors or of a committee of directors duly authorised by the directors. The directors may determine who shall sign any document to which the seal is affixed and unless otherwise determined it shall be signed by two directors.

24 Use of electronic communications

24.1 General

The SOCIETY will comply with the requirements of the Communications Provisions in the General Regulations and in particular:

- 24.1.1 the requirement to provide within 21 days to any member on request a hard copy of any document or information sent to the member otherwise than in hard copy form;
- 24.1.2 any requirements to provide information to the Commission in a particular form or manner.

24.2 To the SOCIETY

Any member or director of the SOCIETY may communicate electronically with the SOCIETY to an address specified by the SOCIETY for the purpose, so long as the communication is authenticated in a manner which is satisfactory to the SOCIETY.

24.3 By the SOCIETY

- 24.3.1 Any member or director of the SOCIETY, by providing the SOCIETY with his or her email address or similar, is taken to have agreed to receive communications from the SOCIETY in electronic form at that address, unless the member has indicated to the SOCIETY his or her unwillingness to receive such communications in that form.
- 24.3.2 The directors may, subject to compliance with any legal requirements, by means of publication on its website:
- (a) provide the members with the notice referred to in clause 13.3 (Notice of general meetings);
 - (b) give directors notice of their meetings in accordance with clause 21.1 (Calling meetings); and
 - (c) submit any proposal to the members or directors for decision by written resolution or postal vote or email ballot or proxy vote in accordance with the SOCIETY's powers under clause 12 (Members' decisions).
- 24.3.3 The directors must:
- (a) take reasonable steps to ensure that members and directors are promptly notified of the publication of any such notice or proposal;
 - (b) send any such notice or proposal in hard copy form to any member or director who has not consented to receive communications in electronic form.

25 Keeping of Registers

The SOCIETY must comply with its obligations under the General Regulations in relation to the keeping of, and provision of access to, registers of its members and directors and officers.

26 Minutes

The directors must keep minutes of all:

- 26.1 appointments of officers made by the directors;
- 26.2 proceedings at general meetings of the SOCIETY;
- 26.3 meetings of the directors and committees of directors including:
 - 26.3.1 the names of the directors and officers present at the meeting;
 - 26.3.2 the decisions made at the meetings; and
 - 26.3.3 where appropriate the reasons for the decisions;
- 26.4 decisions made by the directors otherwise than in meetings.

27 Accounting records, accounts, annual reports and returns, register maintenance

The directors must comply with the requirements of the Act with regard to the keeping of accounting records, to the preparation and scrutiny of statements of accounts, and to the preparation of annual reports and returns.

28 Disputes

If a dispute arises between members of the SOCIETY about the validity or propriety of anything done by the members under these Rules, and the dispute cannot be resolved by agreement, the parties to the dispute must first try in good faith to settle the dispute by mediation before resorting to litigation.

29 Amendment of Rules

- 29.1 These Rules can only be amended:
 - 29.1.1 by resolution agreed in writing by all members of the SOCIETY; or
 - 29.1.2 by a resolution passed by a 75% majority of votes cast at a general meeting of the members of the SOCIETY.
- 29.2 This Rule has been rescinded.
- 29.3 This Rule has been rescinded.
- 29.4 No amendment that is inconsistent with the provisions of the General Regulations shall be valid.

- 29.5 A copy of any resolution altering the Rules, together with a copy of the SOCIETY's Rules as amended, must be sent to the FCA within 15 days from the date on which the resolution is passed.

30 Voluntary winding up or dissolution

- 30.1 As provided by the Dissolution Regulations, the SOCIETY may be dissolved by resolution of its members passed in accordance with the requirements of the Dissolution Regulations.

- 30.2 Subject to the payment of all the SOCIETY's debts and the repayment of any outstanding shares and any interest due:

- 30.2.1 any resolution for the winding up of the SOCIETY, or for the dissolution of the SOCIETY without winding up, must contain a provision directing that any surplus of the SOCIETY shall be distributed among its members in proportion to the amount of business the members have transacted with the SOCIETY as determined by the Board.

- 30.3 The SOCIETY must observe the requirements of the Dissolution Regulations in applying to the FCA for the SOCIETY to be removed from the FCA Mutuals Register, and in particular:

- 30.3.1 the directors must send with their application to the FCA:

- (a) a copy of the resolution passed by the members of the SOCIETY;
- (b) a declaration by the directors that any debts and other liabilities of the SOCIETY have been settled or otherwise provided for in full; and
- (c) a statement by the directors setting out the way in which any assets of the SOCIETY has been or is to be applied prior to its dissolution in accordance with this constitution;

- 30.3.2 the directors must ensure that a copy of the application is sent within seven days to every member and employee of the SOCIETY, and to any director of the SOCIETY who was not privy to the application.

- 30.4 If the SOCIETY is to be wound up or dissolved in any other circumstances, the provisions of the Dissolution Regulations must be followed.

31 Audit

- 31.1 Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act to audit the Society's accounts and balance sheet for the year. This provision also applies if the Society is in its first financial year.

- 31.2 The following persons shall not be appointed as or carry on the function of Auditor of the Society:

- (a) a trustee director, an executive director or any member of staff of the SOCIETY; or
- (b) a connected person; or

- (c) a connected registered society within the meaning of section 92 of the Act, any officer or employee of such a connected registered society and/or an employee, employer or partner of such a person; or
 - (d) any other person prohibited from being appointed as or carrying on the function of Auditor pursuant to the Act or any other applicable law from time to time.
- 31.3 The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
- 31.4 An Auditor for the preceding financial year shall be re-appointed as Auditor of the Society for the current financial year unless:
- (a) A decision has been made by the Board to appoint a different Auditor or expressly decided that she/he shall not be re-appointed; or
 - (b) She/he has given notice in writing to the Secretary of her/his unwillingness to be re-appointed; or
 - (c) She/he is ineligible for appointment as Auditor of the Society for the current financial year; or
 - (d) She/he has ceased to act as Auditor of the Society by reason of incapacity.
- 31.5 Any ordinary resolution of a general meeting of the Society either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Society in the manner prescribed in these Rules and in Writing to the Auditor(s).

32 Share Capital

- 32.1 The shares of the SOCIETY shall be of the nominal value of £1.
- 32.2 The shares of the SOCIETY shall be only issued at their nominal value.
- 32.3 The shares of the SOCIETY shall be only issued to members.
- 32.4 A shareholder of the SOCIETY does not by virtue of its shareholding have or gain a right to become a member of the SOCIETY nor to vote at a general meeting of the SOCIETY.
- 32.5 Each class of shares of the SOCIETY to be issued pursuant to and in accordance with clause 4.2.2 shall carry such rights including but not limited to whether any or all shares are transferable as the Board (in its absolute discretion) may determine by resolution passed on or prior to the first issuance of shares of that particular class. Each class of shares may have different rights attaching thereto from other classes so long as such rights are consistent with this clause 32.
- 32.6 The Board has the right to cancel any shares held by non members without repaying the principal amount.
- 32.7 If there is a solvent dissolution shareholders will not be paid more than the nominal value of their shares.

- 32.8 The shares of the SOCIETY are non-withdrawable and the principal amount of the shares of the SOCIETY may not be reduced or repaid.
- 32.9 A member may only transfer a transferable share with the Boards consent using such form as the Board may from time to time in its absolute discretion require for this purpose.
- 32.10 A member of the SOCIETY must hold a minimum of one share.
- 32.11 For the avoidance of doubt each member of the SOCIETY shall have only one vote at a general meeting irrespective of the number of shares of the society the member may hold.

33 Interpretation

In these Rules:

Auditor	means a person eligible to be appointed as a company auditor under part 42 of the Companies Act 2006.
charitable purposes	means such purposes are accepted as charitable by virtue of the Charities Act 2011 or any subsequent re-enactment of that Act.
trustee director	means a director of the SOCIETY who is not a member of staff.
connected person	means: <ul style="list-style-type: none"> (a) a child, parent, grandchild, grandparent, brother or sister of the director; (b) the spouse or civil partner of the director or of any person falling within sub-clause (a) above; (c) a person carrying on business in partnership with the director or with any person falling within sub-clause (a) or (b) above; (d) an institution which is controlled – <ul style="list-style-type: none"> (i) by the director or any connected person falling within sub-clause (a), (b), or (c) above; or (ii) by two or more persons falling within sub-clause (d)(i), when taken together (e) a body corporate in which – <ul style="list-style-type: none"> (i) the director or any connected person falling within sub-clauses (a) to (c) has a substantial interest; or (ii) two or more persons falling within sub-clause (e)(i) who, when taken together, have a substantial interest. <p>Section 118 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this constitution.</p>
General Regulations	means the Act.
staff	means anyone holding a contract of employment with the SOCIETY.
Dissolution Regulations	means the Co-operative and Community Benefit Societies Act 2014 and any amending, successor or secondary legislation made

	thereunder relating to the dissolution of co-operative societies for the time being in force.
Board	means all those persons appointed to perform the duties of directors of the SOCIETY.
Communications Provisions	means the Communications Provisions in the Act.
executive committee	means a committee to whom the directors have delegated the day to day management and operation of the SOCIETY, within parameters set by the directors, and whose members are made up exclusively of staff of the SOCIETY.
executive director	means a director of the SOCIETY who is a member of staff.
Founder Member	means a subscriber to these Rules for the purpose of registration;
Territory	means the geographic area defined by Nomenclature of Territorial Units for Statistics (NUTS) UKK2 (Dorset and Somerset), UKK3 (Cornwall and Isles of Scilly) and UKK4 (Devon).
secretary	means any person appointed to perform the duties of the Secretary of the SOCIETY.
exclusive banking franchise licence	is an exclusive licence to use the all the intellectual property, business plan, products and banking systems of the SOCIETY within a determined geographic area within the territory.
Term	Means three years
FCA	means the Financial Conduct Authority and its successor bodies.
PRA	means the Prudential Regulation Authority and its successor bodies.
approved person	means an individual who has been approved by the PRA and/or FCA to perform one or more Controlled Functions on behalf of an authorised firm.
resident	<p>means a corporate body or an individual or a corporate body representing an organisation which is not incorporated or a registered credit union or a registered charity which;</p> <ul style="list-style-type: none"> (a) is on the electoral register; and/or (b) has a registered office; and/or (c) has a significant financial interest; and/or (d) has a significant commercial interest; and/or (e) has a meaningful community involvement <p>within the territory.</p>
Rules	means these Rules.
the Act	means the Co-operative and Community Benefit Societies Act 2014 or any Act or Acts amending or in substitution of it or them for the time being in force.
share	means a share account or a share issued by the SOCIETY.

34 List of Founder Members

	<u>Full name</u>	<u>Residence</u>	<u>Occupation</u>
1	Antony Crosby GREENHAM	Kingsbridge, Devon	Director of Economics, Royal Society of Arts, Manufactures and Commerce
2	Paul Mark DREWELL	Staverton, Devon	Senior Partner, Foresight Group
3	Christine Helen ALLISON	Sidmouth, Devon	Financial Inclusion Fellow, Centre for the Study of Financial Innovation
4	Jacqueline BAGNALL	Exeter, Devon	Senior Lecturer, University of Exeter Business School
5	John Richard BERRY	Truro, Cornwall	Development Director, South West Investment Group (Capital)
6	Emma Jayne CADDIS	nr St Newlyn East, Cornwall	Business Development Manager, Unlocking Potential
7	Daisy CARR	Bournemouth, Dorset	Co-founder, The Bournemouth Scene
8	Helen CHESSUM	Newton Abbot, Devon	Communications Co-ordinator, Teign Energy Communities CIC Ltd
9	Tim CRABTREE	Bridport, Dorset	Director of Development, Wessex Community Assets
10	Jonathan Christopher GORDON-FARLEIGH	Bridport, Dorset	Editor, Stir Magazine
11	Jonathan Robert GOSLING	Exeter, Devon	Emeritus Professor of Leadership, University of Exeter
12	Lindsey Victoria HALL	Downderry, Cornwall	CEO, Real Ideas Organisation
13	David Nicholas HARLAND	nr. Lanivet, Cornwall	CEO, Eden Project International
14	Charlotte HOLLOWAY	Plymouth, Devon	South West Area Manager, Royal Society of Arts Manufactures and Commerce
15	Victoria Mary Francis HURTH	Plymouth, Devon	Associate Professor in Marketing & Sustainability, Plymouth University
16	Ewan William George JONES	Shepton Montague, Somerset	Sustainability Strategist
17	Paul Christopher MANNING	Glastonbury, Somerset	Chair, Glastonbury Chambers of Commerce
18	Patricia Hazel MARKS	Langport, Somerset	Managing Director, Somerset Business Agency
19	James MAXWELL	Exeter, Devon	Managing Director, Incus Latam

20	Nicholas John PARKER	Exeter, Devon	Organisational Change Consultant
21	Jay TOMPT	Totnes, Devon	Founder, Local Entrepreneurs Forum
22	Simon Charles TREGONING	Cury, Cornwall	Chairman, Classic Cottages
23	Michelle VIRGO	Seaton, Cornwall	Business Manager, School for Social Entrepreneurs
24	Gillian Margaret WESTCOTT	Cheriton Bishop, Devon	Director, Exeter Pound
25	Edward Martin WHITELAW	Plymouth, Devon	Head of Enterprise and Regeneration, RIO
26	David Charles YOUNG	Plymouth, Devon	Group MD, The UNA Group

Signed by

Member 1

Tony GREENHAM

Member 2

Paul MANNING

Member 3

David THOMAS

Secretary

John ARTHUR