

Rules of Kent Reliance Provident Society Limited

(As amended pursuant to a special resolution dated 15 July 2014)

An industrial and provident society incorporated on 5 October 2010
with registration number 31056R

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KENT RELIANCE PROVIDENT SOCIETY LIMITED RULES

(As amended pursuant to a special resolution dated 15 July 2014)

1. Interpretation

1.1 In these Rules, unless the context otherwise requires:

“**acquire**” (or “**acquiring**”) means to acquire in any way, including purchasing, leasing, licensing, exchanging, borrowing, receiving or otherwise obtaining rights in respect of the property in question;

“**Annual Accounts**” has the meaning given by Rule 31.3;

“**Annual General Meeting**” means the meeting held by the Society in each Financial Year at which the Annual Accounts are presented and which is specified as such in the notice convening the meeting;

“**Board**” means the board of Directors;

“**Chairman**” means the chairman of the Board as such person is elected and removed in accordance with Rule 16;

“**connected undertaking**” means any company or other body of which the Society is a parent undertaking or in which the Society has a shareholding interest;

“**Corporate Representative**” means in respect of a body corporate, an Individual authorised by the body corporate to represent it;

“**deal**” (or “**dealing**”) means to acquire, dispose of, issue, grant, negotiate, discount, guarantee, transfer, subscribe for, borrow or lend;

“**Director**” means a director of the Society;

“**Directors’ Report**” has the meaning given by Rule 31.2;

“**dispose**” (or “**disposing**”) means to dispose in any way, including selling, leasing, licensing, exchanging, lending, charging (except by way of floating charge) or otherwise granting rights in respect of the property in question;

“**Financial Year**” the 12 months ending on 31 December in any year;

“**FCA**” means the Financial Conduct Authority or any successor which has the same or broadly equivalent statutory and regulatory rights and responsibilities in relation to industrial and provident societies;

“**FSMA**” means the Financial Services and Markets Act 2000 and all orders and regulations and all statutory instruments made thereunder;

“**Individual**” means a natural person;

“**Member**” means a Person who is or becomes a member of the Society in accordance with Rule 5;

“**Membership Point**” means the unit used for determining Members’ entitlements as described in Rule 7;

“**Membership Points Scheme**” the system established from time to time under Rule 7.3 for the award of Membership Points;

“**ordinary resolution**” means a resolution passed by a majority of the Qualifying Members that (being entitled to do so) vote in person, or by proxy where these Rules allow proxies to vote, at a general meeting of which not less than 21 days’ notice, specifying the intention to propose the resolution, has been duly given according to these Rules;

“**parent undertaking**” has the meaning set out in section 1162 of the Companies Act 2006;

“**Person**” means any Individual or body corporate;

“**Predecessor Society**” means Kent Reliance Building Society and any other mutual organisation which transfers its business to the Society, a subsidiary of the Society, a company that is a subsidiary of the Society for the purposes of section 3(13) of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 or a company treated as a subsidiary of the Society (and for these purposes “transfers” means transfers pursuant to section 97 of the Building Societies Act 1986 and the Building Societies (Transfer of Business) Regulations 1998, in each case as modified by the Mutual Societies (Transfers) Order 2009);

“**property**” means any real or personal property (including securities, intellectual property and money) of any kind and any interest or rights in such property;

“**Qualifying Business**” has the meaning given to it in Rule 7.2;

“Qualifying Member” means a Member who becomes a Qualifying Member in accordance with Rule 7 and has the rights and obligations of a Qualifying Member set out in these Rules;

“Register of Members” means the register of Members maintained by the Society in accordance with the Statutes;

“Registered Address” in relation to any Member, means the Registered Electronic Address or, in default of the Member having provided a Registered Electronic Address, the Registered Postal Address;

“Registered Electronic Address” means the email address currently shown in the records constituting the Register of Members (where this address has been provided);

“Registered Office” means the registered office of the Society for the time being;

“Registered Postal Address” means:

- (a) the address currently shown in the records constituting the Register of Members, except in a case where paragraph (b) below applies; or
- (b) where a Member has requested that communications from the Society be sent to some other address, that other address;

“Representative Member” means in respect of any Qualifying Business undertaken jointly by more than one Member, the Member who is named first in respect of the deposit account or borrowing account to which that Qualifying Business relates or in any contract relating to any other category of Qualifying Business;

“Relevant Reference Date” means:

- (a) in relation to requisitioning a general meeting, the date the requisition is deposited at the Registered Office;
- (b) in relation to qualification for voting on ordinary resolutions and special resolutions, or proposing such resolutions at a general meeting, the date nominated by the Directors as the record date for such proposed general meeting (which record date for the avoidance of doubt may be before the date of such general meeting);
- (c) in relation to any ballot, the date nominated by the Directors as the record date for participation in such ballot;

- (d) in relation to any dividend, the date nominated by the Directors as the record date for such dividend; and
- (e) in relation to distributions (other than dividends), the date nominated by the Directors as the record date for such distribution or (as the case may be) the date before the date of commencement of proceedings to wind up the Society;

“**Rules**” means the registered rules of the Society for the time being;

“**Secretary**” means the Individual appointed from time to time by the Directors to be the Secretary of the Society and also means, if the office is vacant or for any other reason no Secretary capable of acting, an Individual authorised by the Directors to act as the deputy or assistant to or in place of the Secretary;

“**securities**” means any shares (or other participation rights), stocks, debentures, deposit receipts, bills, bonds, notes, warrants, options, instruments (whether negotiable or not) or any other right or obligation;

“**Share**” means a share in the Society subscribed for in accordance with these Rules;

“**Society**” means Kent Reliance Provident Society Limited, an industrial and provident society registered under the Statutes to which these Rules apply;

“**special resolution**” means (subject to the Statutes) a resolution passed by not less than 75% of the Qualifying Members that (being entitled to do so) vote in person, or by proxy where these Rules allow proxies to vote, at a general meeting of which not less than 21 days’ notice, specifying the intention to propose the resolution, has been duly given according to these Rules;

“**Statutes**” means the Industrial and Provident Societies Act 1965, the Industrial and Provident Societies Act 1967, the Friendly and Industrial and Provident Societies Act 1968, the Industrial and Provident Societies Act 1975, the Industrial and Provident Societies Act 1978, the Industrial and Provident Societies Act 2002 and all orders and regulations and all statutory instruments made thereunder and all other statutory provisions from time to time in force relating to industrial and provident societies; and

“**subsidiary**” has the meaning given in section 15 of the Friendly and Industrial and Provident Societies Act 1968 (subject to the further provisions of Rule 1.6).

- 1.2 In these Rules, words importing one gender or a natural person import any other gender or a body corporate (including a society), and words importing the singular include the plural, and vice versa.

- 1.3 In these Rules, any reference to the provisions of any particular statute shall be construed as if the Rules were an enactment to which section 17(2) of the Interpretation Act 1978 applies.
- 1.4 In these Rules, references to “**written**” or “**in writing**” include all forms of visible reproduction in permanent form, including telephonic text messages and electronic messages (except where the contrary intention is indicated).
- 1.5 In these Rules, references to a “**ballot**” are to a ballot held in accordance with Rule 40.
- 1.6 If a subsidiary of the Society ceases to be a subsidiary of the Society, the Society shall (acting by its Board) either before or within one month of such event occurring, elect whether or not to continue to treat the company in question as a subsidiary for the purposes of these Rules. Where such an election is made (and, in default of any election being made within one month of such event occurring, the Society shall be deemed to have made such an election) to continue to treat the company in question as a subsidiary, such company shall be treated as a subsidiary for the purposes of these Rules (including during the period up to which such election is made or deemed to have been made) unless and until the Society (acting by its Board) shall elect otherwise. Where a subsidiary of the Society ceases to be a subsidiary and ceases to be treated as a subsidiary in accordance with this Rule 1.6, the Society shall give notice to Members of such fact. In these Rules, references to treating a company as a subsidiary of the Society shall be construed accordingly.
- 1.7 The headings contained in these Rules are for reference only and shall not affect the interpretation of these Rules.

2. Name

- 2.1 The name of the Society is “Kent Reliance Provident Society Limited”.
- 2.2 The Society shall cause its registered name to be painted or affixed, and to be kept painted or affixed, in a conspicuous position and in letters easily legible, on the outside of its registered office and every other office or place in which the business of the Society is carried on, and shall have that name mentioned in legible characters:
- (a) in all notices, advertisements and other official publications of the Society;
 - (b) in all business letters of the Society;

- (c) in all bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods, purporting to be signed by or on behalf of the Society; and
- (d) in all bills, invoices, receipts, and letters of credit of the Society.

3. Objects and powers

3.1 The Society was established initially as a successor membership organisation to Kent Reliance Building Society (a building society registered under the Building Societies Act 1986), and its principal purposes are (subject to the Statutes and applicable law) to:

- (a) conduct Member engagement activities including but not limited to research, questionnaires and focus groups;
- (b) provide through or from its subsidiaries or other companies or other organisations or facilitate the provision of services comprising or related to banking (including the acceptance of deposits), investment, insurance and other financial services and facilities (provided that the Society shall not itself make such services available to Members);
- (c) carry on any businesses in the fields of information technology, data processing and communications;
- (e) act as a parent undertaking and investment body and to assist and coordinate the activities of any undertakings in which it holds an interest and to manage as it sees fit any such interest;
- (f) promote and support community and charitable purposes; and
- (g) carry on or participate in any business or other activity which, in the opinion of the Board of Directors or any duly authorised officer or employee of the Society, may conveniently be carried on in connection with any other activity of the Society or for developing, taking advantage of or protecting any of the property or income of the Society or any connected undertaking of the Society or managing any risks associated with the activities of the Society or any connected undertaking of the Society.

3.2 The Society shall have full power to do all things necessary or expedient for the accomplishment of all its objects, including (subject to the Statutes and applicable law) but not limited to:

- (a) purchase, hold, sell, mortgage, rent, lease, or sub-lease lands of any tenure, and to erect, pull down, repair, alter or otherwise deal with any building thereon;
- (b) guarantee or enter into any indemnity or other arrangement relating to the discharge of another Person's obligations;
- (c) provide for pensions, insurance and benefits of any kind for Individuals who are or at any time were officers or employees of the Society or a related undertaking (any connected undertaking or former connected undertaking of the Society and any predecessor in business of any of them is a related undertaking for these purposes) and for any relatives or dependants of such Individuals or for anyone having any relationship with such an Individual;
- (d) make donations and provide assistance of any kind to any Person having any charitable, public or community purpose or object;
- (e) invest the Society's funds in such property and investments as the Directors may consider appropriate, and subject to any applicable legal restrictions;
- (f) exercise any power of the Society for any consideration of any kind (including, for example, in the form of securities or obligations of another Person) or for no consideration;
- (g) act as trustee, personal representative, custodian, director, receiver, manager, agent or intermediary of any kind and for any purpose;
- (h) take mortgages, charges, liens and other security to secure obligations of others to the Society;
- (i) borrow money and accept credit and grant mortgages, charges, liens and other security to secure the Society's obligations, but:
 - (i) the Society may not carry on a deposit-taking business (within the meaning of the FSMA); and
 - (ii) where:
 - (A) the loan is unsecured; and
 - (B) the lender is not itself authorised under the FSMA,

the Society will not pay a rate of interest that is higher than the Society needs to fund its activities; and

- (j) create, make, draw, accept, endorse, execute, issue, discount, buy, sell, negotiate and deal in bills, notes, bills of lading, warrants, coupons, debentures and other negotiable or transferable instruments.

3.3 The objects and powers set out in this Rule 3 are to be interpreted by using the following principles:

- (a) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted in the broadest possible sense and any examples given are not to be interpreted as restricting the meaning of the purpose or power which they relate to; and
- (b) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted separately and none of the sub-paragraphs or activities is to be interpreted in a way which would make it subordinate or incidental to another sub-paragraph or activity, unless the wording expressly requires this.

4. Registered Office

4.1 The address of the Registered Office is Reliance House, Sun Pier, Chatham, Kent ME4 4ET.

4.2 The Directors may from time to time by resolution change the place of the Registered Office and notice of any such change shall be sent by the Secretary to the FCA.

4.3 The Society shall maintain a Register of Members in accordance with the Statutes.

5. Membership

5.1 A Person shall, provided that the Person is at least 16 years old and provided that the Person is not already a Member, become a Member if the Person does not opt out by notice in writing from becoming a Member (when conducting or having conducted business with or through the Society or with or through:

- (a) a subsidiary of the Society; or
- (b) a company treated as a subsidiary of the Society,

which in either case is authorised to accept deposits or grant loans in the United Kingdom) or if they are treated as having agreed to become a Member in accordance with Rule 5.2.

- 5.2 Subject to Rule 5.3, a Person is treated as having agreed to become a Member (if the Person is not already a Member) if that Person was a member of a Predecessor Society and has not provided the Society or the Predecessor Society with notice in writing that the Person wishes not to be a Member.
- 5.3 If a Person would have become a Member under Rule 5.1 but for the fact that they are less than 16 years old, that Person shall become a Member on becoming 16 years old, provided that at that time they satisfy the other criteria for becoming a Member.
- 5.4 A Person shall (subject to Rules 5.7 and 5.8) cease to be a Member if:
- (a) where the Person is an Individual, he dies or becomes bankrupt;
 - (b) where the Person is a body corporate, it is wound up or dissolved; or
 - (c) that Person notifies the Society in writing that the Person wishes to cease to be a Member; or
 - (d) that Person no longer undertakes any business with the Society or any subsidiary of the Society or any company treated as a subsidiary of the Society.
- 5.5 A Person shall cease to be a Member immediately if a subsidiary of the Society or a company treated as a subsidiary of the Society:
- (a) takes possession of, or exercises its power of sale in relation to, the whole or any part of the land on which a loan made to that Person by that subsidiary or company is secured; or
 - (b) obtains an order for foreclosure absolute or, in Scotland, foreclosure in respect of the whole or any part of the land on which a loan made to that Person by that subsidiary or company is secured.
- 5.6 Subject to Rules 5.7 and 5.8, upon receiving a claim from the personal representative of a deceased Member or the trustee in bankruptcy of a bankrupt Member to any property in the Society of the deceased or bankrupt Member, the Directors in their discretion shall arrange either for the transmission of the property to which the personal representative or trustee in bankruptcy has become entitled to be recorded or for an equivalent sum to be paid, in either case to or to the order of the personal

representative or trustee in bankruptcy, but no Share shall be transmitted except as provided below.

- 5.7 If, within six months after the date of death of a Member who is an Individual, his personal representative makes an application to the Society for the Share held by that Member to be transmitted to him, then the Society shall decide in its absolute discretion whether to accept or refuse the application. If the Society accepts the application, then the personal representative shall be entered in the Register of Members as the holder of that Share.
- 5.8 If, within six months after the date of the dissolution of a Member which is a body corporate, a Person who was a member of that body corporate immediately before its dissolution makes an application to the Directors for the Share held by that body corporate to be transmitted to him, then the Directors shall decide in their absolute discretion whether to accept or reject the application. If the Board accepts the application, then that Person shall be entered in the Register of Members as the holder of that Share.
- 5.9 A Member may nominate in accordance with the Statutes a Person to whom any of his property in the Society (other than his Share) shall be transferred on his death. On receiving satisfactory proof of the death of a Member who has made a nomination which is valid under the Statutes, the Board in its discretion either shall transfer the property comprised in the nomination to the extent that it is so valid or shall pay an equivalent sum to the Person or Persons entitled thereunder.

6. Rights and obligations of Members

- 6.1 Save as mentioned elsewhere in these Rules, the rights of Members (other than Qualifying Members) of the Society are limited to:
- (a) receiving notice of, attending and speaking at the Annual General Meeting and special general meetings;
 - (b) access to the Members' section (if any, from time to time) of the Society's website;
 - (c) access to those products or services that are expressed to be offered by the Society exclusively to Members or that are expressed to be available to Members on preferential terms; and
 - (d) eligibility to become a Qualifying Member, subject to the relevant conditions set out in these Rules.

- 6.2 Each Member shall be bound by the Rules and by any rules laid down by the Directors pursuant to these Rules from time to time.
- 6.3 Each Member shall, on demand, be given a copy of the Rules:
- (a) if the Member has not previously been given a copy, free of charge; or
 - (b) if the Member has already been given a copy, upon payment of such fee that is set by the Directors from time to time (subject to the Statutes).
- 6.4 Each Member shall:
- (a) notify the Society as soon as reasonably practicable of any change of name or Registered Address and shall produce such evidence of the change as the Society may require; and
 - (b) ensure that where the Member is a Member in respect of more than one type of Qualifying Business, the Member's name and Registered Address are notified in identical terms in respect of each type of Qualifying Business.
- 6.5 Except as provided for in these Rules, by law or authorised by the Directors or an ordinary resolution, no Member is entitled to inspect any of the Society's accounting or other records or documents merely by virtue of being a Member.

7. Qualifying Members

- 7.1 In relation to any particular Relevant Reference Date, a Member shall be a Qualifying Member if the Member is at least 18 years old and at that Relevant Reference Date is conducting Qualifying Business as specified by Rules 7.2(a) and/or 7.2(b) (i) with the Society or (ii) with or through a subsidiary of the Society; or a company treated as a subsidiary of the Society, which in either such case is authorised to accept deposits in the United Kingdom.
- 7.2 “**Qualifying Business**” means:
- (a) holding (whether alone or jointly with another Person, but without prejudice to Rule 39) one or more share accounts or deposit accounts which has or have a credit balance of at least £100 in aggregate with:
 - (i) a subsidiary of the Society; or
 - (ii) a company treated as a subsidiary of the Society,

which in either case is authorised to accept deposits in the United Kingdom;
or

- (b) holding (whether alone or jointly with another Person, but without prejudice to Rule 39) one or more borrowing accounts which has or have a debit balance of at least £1,000 in aggregate with:
 - (i) a subsidiary of the Society; or
 - (ii) a company treated as a subsidiary of the Society,

which in either case is authorised to accept deposits in the United Kingdom.

7.3 The Directors may establish and determine the detailed principles for a system for the award of Membership Points by reference to the Qualifying Business undertaken by each Member from time to time (the **Membership Points Scheme**) which if so established shall include, without limitation:

- (a) the number of Membership Points to be awarded for different levels of each category of Qualifying Business undertaken of the types mentioned in paragraphs (a) and (b) of Rule 7.2; and
- (b) the determination of the dates or periods to be used for measuring the Qualifying Business to be taken into account at any Relevant Reference Date;
- (c) any limits thought appropriate by the Board on the number of Membership Points that can be awarded to a single Member or in relation to any category of Qualifying Business.

7.4 In determining the Membership Points Scheme, the Board shall seek to act fairly between Members and shall not include any provision whereby Members who become Members by reason of a transfer from a Predecessor Society are treated less favourably than the persons who are Members of the Society immediately preceding such transfer.

7.5 The Membership Points Scheme may be varied from time to time by the Board. The then current Membership Points Scheme shall be made available for inspection by Members on the Members' section (if any, from time to time) of the Society's website and any variation or amendments of the Membership Points Scheme shall be notified by the Society to Members in such a manner as the Directors may determine at least one calendar month prior to its taking effect.

8. Shares and share capital

- 8.1 The liability of the Members under these Rules is limited to the amount, if any, unpaid on the Shares held by them.
- 8.2 The nominal value of each Share shall be £0.01. Shares may be issued paid up, part paid or nil paid.
- 8.3 A Person is deemed to subscribe for one Share when the Person becomes a Member. A Member may not hold more than one Share.
- 8.4 No Member shall have, or claim an interest in, Shares of the Society exceeding £0.01.
- 8.5 Where a Member becomes a Member by virtue of being deemed to have agreed to become a Member as part of a transaction where the business of a Predecessor Society has transferred to the Society or a subsidiary of the Society or a company treated as a subsidiary of the Society (and is not already a Member), the nominal value of the Member's Share shall be deemed to have been paid up by reason of such transfer.
- 8.6 Shares shall not be redeemable, withdrawable or transferable, but they may be transmitted as provided in Rules 5.7 and 5.8.
- 8.7 The Society shall not issue to Members a share certificate denoting ownership of a Share.
- 8.8 The Society shall (subject to Rules 5.7 and 5.8) cancel the Share of a Member who ceases to be a Member and that Member will then be deemed to have forfeited any right of repayment of any amount paid up on the Member's Share.

9. Directors' general authority

Subject to these Rules and the Statutes, the Directors are responsible for the management of the Society's business, for which purpose they may exercise all the powers of the Society.

10. Delegation by the Directors

- 10.1 Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules:
- (a) to such Person or committee;

- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions,

as they think fit.

- 10.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any Person to whom they are delegated.
- 10.3 The Directors may revoke any delegation in whole or part, or alter the terms and conditions of such delegation.

11. Committees

- 11.1 Committees to which the Directors delegate any of their powers must follow procedures which are based, as far as they are applicable, on those provisions of the Rules which govern the taking of decisions by Directors.
- 11.2 The Directors may make rules of procedure for all or any committees of Directors, which prevail over rules derived from the Rules if they are not consistent with them.

12. Decision-making by the Directors

Decisions of the Directors may be taken:

- (a) at a Board meeting; or
- (b) in the form of a Directors' written resolution.

13. Calling a Board meeting

- 13.1 The Directors shall meet as often as they consider necessary and the Chairman or any two other Directors may call a Board meeting.
- 13.2 The Secretary must call a Board meeting if the Chairman or any two other Directors so request. The Secretary may also at any time at its own instance call a Board meeting.

13.3 Subject to Rule 24.2, two clear days' notice in writing or such shorter period of notice as the Directors may have previously deemed appropriate shall be given to each Director and where appropriate the Secretary of any Board meeting.

13.4 Notice of any Board meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

13.5 Notice of a Board meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Society before or not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it.

14. Participation in Board meetings

14.1 Subject to these Rules, Directors participate in a Board meeting, or part of a Board meeting, when:

- (a) the meeting has been called and takes place in accordance with these Rules; and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

14.2 In determining whether Directors are participating in a Board meeting, it is irrelevant where any Director is or how they communicate with each other.

14.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

15. Quorum for Board meetings

15.1 At a Board meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

15.2 The quorum for Board meetings is three Directors.

- 15.3 Rules 15.4 and 15.5 apply where the total number of Directors for the time being is less than the quorum for Board meetings.
- 15.4 If there is only one Director, that Director may appoint sufficient Directors to make up a quorum or call a general meeting to do so.
- 15.5 If there is more than one Director:
- (a) a Board meeting may take place, if it is called in accordance with these Rules and at least two Directors participate in it, with a view to appointing sufficient Directors to make up a quorum or calling a general meeting to do so; and
 - (b) if a Board meeting is called but only one Director attends at the appointed date and time to participate in it, that Director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

16. Chairing Board meetings

- 16.1 The Directors may appoint a Director to chair Board meetings. The person so appointed for the time being is known as the Chairman.
- 16.2 The Directors may appoint other Directors as deputy or assistant chairmen to chair Board meetings in the Chairman's absence.
- 16.3 The directors may terminate the appointment of the Chairman, deputy or assistant chairman at any time.
- 16.4 If neither the Chairman nor any Director appointed generally to chair Board meetings in the Chairman's absence is participating in a Board meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

17. Voting at Board meetings

- 17.1 Subject to these Rules:
- (a) a decision is taken at a Board meeting by a majority of the votes of the participating Directors;
 - (b) each Director participating in a Board meeting has one vote; and

- (c) if a Director has an interest in an actual or proposed transaction or arrangement with the Society, that Director may not (save as permitted by Rule 18) vote on any proposal relating to it.

17.2 If the numbers of votes for and against a proposal are equal, the Chairman or other Director chairing the Board meeting has a casting vote (but this does not apply if, in accordance with these Rules, the Chairman or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes).

18. Conflicts of interest

18.1 If a proposed decision of the Board is concerned with an actual or proposed transaction or arrangement with the Society or a subsidiary of the Society or a company treated as a subsidiary in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes unless Rule 18.2 applies.

18.2 This Rule applies when:

- (a) the Director fully and fairly discloses to the Directors the nature of the Director's interest in the transaction or arrangement; and
- (b) the Director's:
 - (i) interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (ii) conflict of interest arises from a permitted cause.

18.3 For the purposes of this Rule, "permitted causes" shall mean:

- (a) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Society or any of its subsidiaries or companies treated as subsidiaries which do not provide special benefits for Directors or former Directors; and
- (b) arrangements pursuant to which the Director is a director or other officer of, or be employed by or a member of, or otherwise interested in, any body corporate promoted by the Society or in which the Society is otherwise interested (including any subsidiary).

18.4 For the purposes of this Rule, references to proposed decisions and decision-making processes include any Board meeting or part of a Board meeting.

- 18.5 Subject to Rule 18.6, if a question arises at a Board meeting as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any Director other than the Chairman is to be final and conclusive.
- 18.6 If any question as to the right to participate in the Board meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 18.7 Subject to a Director's complying with the provisions of applicable law and this Rule 18, a Director shall not 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 Director.
- 18.8 The prohibitions contained in this Rule 18 may from time to time be suspended or relaxed to any extent by ordinary resolution.

19. Proposing Directors' written resolutions

- 19.1 Any Director may propose a Directors' written resolution.
- 19.2 The Secretary must propose a Directors' written resolution if a Director so requests.
- 19.3 A Directors' written resolution is proposed by giving notice of the proposed resolution to the Directors.
- 19.4 Notice of a proposed Directors' written resolution must indicate:
- (a) the proposed resolution; and
 - (b) the time by which it is proposed that the Directors should adopt it.
- 19.5 Notice of a proposed Directors' written resolution must be given in writing to each Director.
- 19.6 Any decision which a Person giving notice of a proposed Directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

20. Adoption of Directors' written resolutions

- 20.1 A proposed Directors' written resolution is adopted when all the Directors who would have been entitled to vote on the resolution at a Board meeting have signed one or more copies of it, provided that those Directors would have formed a quorum at such a Board meeting.
- 20.2 It is immaterial whether any Director signs the resolution before or after the time by which the notice proposed that it should be adopted.
- 20.3 Once a Directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a Board meeting in accordance with these Rules.
- 20.4 The Secretary must ensure that the Society keeps a record, in writing, of all Directors' written resolutions for at least ten years from the date of their adoption.

21. Directors' discretion to make further rules

Subject to the Rules, the Directors may specify any procedures which they think fit about how they take decisions and about how such procedures are to be recorded or communicated to Directors.

22. Appointing directors

- 22.1 Subject to Rule 22.3, any Individual who is willing to act as a Director, and is permitted by law to do so, may (subject to these Rules) be appointed to be a Director:
- (a) by ordinary resolution; or
 - (b) by a decision of the directors.
- 22.2 The Board shall consist of not more than ten nor (subject to the provisions of these Rules) less than four Directors.
- 22.3 No Individual shall become a Director unless that Individual is conducting Qualifying Business.

23. Retirement of Directors by rotation

At every Annual General Meeting any Directors:

- (a) who have been appointed by the Directors since the last Annual General Meeting; or

- (b) who were not appointed or reappointed at one of the preceding two Annual General Meetings,

must retire from office and may offer themselves for reappointment by the Qualifying Members.

24. Termination of Director's appointment

24.1 An Individual ceases to be a Director as soon as:

- (a) an ordinary resolution to that effect is passed;
- (b) a Directors' resolution to that effect is passed;
- (c) that Individual ceases to be a Director by virtue of any rule of law;
- (d) a bankruptcy order is made against that Individual;
- (e) a composition is made with that Individual's creditors generally in satisfaction of that Individual's debts;
- (f) a registered medical practitioner who is treating that Individual gives a written opinion to the Society stating that that Individual has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (g) by reason of that Individual's mental health, a court makes an order which wholly or partly prevents that Individual from personally exercising any powers or rights which that Individual would otherwise have;
- (h) notification is received by the Society from the Director that the Director is resigning from office as Director, and such resignation has taken effect in accordance with its terms; or
- (i) the Individual ceases entirely to conduct Qualifying Business (and in the case of Qualifying Business described in Rule **Error! Reference source not found.**, ceasing to conduct Qualifying Business means failing to conduct at least one specified transaction during the entire course of a Financial Year).

24.2 The Secretary shall give not less than 14 clear days' notice in writing to all Directors of a meeting of the Directors at which it is intended to propose a resolution to remove a Director from office. The notice shall set out the proposed resolution and, if all the requirements of this Rule are not complied with, the resolution, even if passed, shall

be of no effect. The provisions of this Rule 24.2 shall be deemed to apply to any such notice.

25. Directors' remuneration

25.1 Directors may undertake any services for the Society that the Directors decide.

25.2 Directors are entitled to such remuneration as the Directors determine:

- (a) for their services to the Society as Directors; and
- (b) for any other service which they undertake for the Society.

25.3 Subject to these Rules, a Director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

25.4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

25.5 Provided the Directors have fully and fairly disclosed their interests to the Board, the Directors are not (unless the Directors decide otherwise) accountable to the Society for any remuneration which they receive as Directors or other officers or employees of the Society's subsidiaries or of any other body corporate in which the company is interested.

26. Directors' expenses

The Society may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of the Directors or committees of Directors; or
- (b) general meetings;

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Society.

27. Minutes

- 27.1 The Directors shall cause minutes to be made of all proceedings at all meetings of the Society, of the Board and of any committee of Directors.
- 27.2 Any such minutes of any meeting if purporting to be signed by the chairman of that meeting or by the chairman of the next succeeding meeting shall be conclusive evidence without any further proof of the facts stated in those minutes.

28. Validity of acts

All acts done by the Directors, or any committee of Directors, shall be valid even though it might afterwards be discovered that there was some defect in the constitution of the Board, or committee of Directors, or in the appointment or re-appointment, of any member of the Board, or committee of Directors. Likewise, such acts shall not be invalidated by reason of the fact that any Individual acting in such capacity was disqualified from holding office, or was not entitled to vote.

29. Indemnity and insurance

- 29.1 A relevant director may be indemnified out of the Society's assets against any relevant loss except for any liability which that relevant director incurs in relation to:
- (a) criminal proceedings in which the relevant director is convicted (and such conviction is the final decision in the proceedings); or
 - (b) civil proceedings brought by the Society or an associated company in which judgment is given against the relevant director (and such judgment is the final decision in the proceedings); or
 - (c) any other application to court for relief in which the court refuses to grant the relevant director relief (and such refusal is the final decision in the proceedings).
- 29.2 This Rule 29 does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
- 29.3 The Directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any relevant director in respect of any relevant loss.

29.4 In this Rule 29:

- (a) “**associated company**” means any body corporate that is a subsidiary of the Society or is treated as a subsidiary of the Society, any Predecessor Society and any body corporate that was a subsidiary of any Predecessor Society;
- (b) “**relevant director**” means any director or former director of the Society or an associated company; and
- (c) “**relevant loss**” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the Society or any associated company.

30. Pension and other schemes and funds

30.1 In this Rule the term “**officer**” excludes any Director who does not hold or has not held any executive position in the Society or any associated company, and the term “**associated company**” has the same meaning as in Rule 29.

30.2 The Directors 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 funds or schemes (whether contributory or not) for the benefit of:

- (a) past, present or future officers and employees of the Society or an associated company; and
- (b) the spouses, children and dependants of Individuals referred to in Rule 30.2(a).

30.3 In addition to the powers set out above, the Directors may grant on such terms as it thinks fit other pensions, allowances, gratuities, donations and bonuses to or for the benefit of:

- (a) past or present officers and employees of the Society or an associated company; and
- (b) any spouses, children or dependants of such officers and employees mentioned in Rule 30.3(a).

30.4 The Directors may make, vary and revoke the rules of any such fund or scheme as is mentioned in this Rule 30 (to such extent as this power is not as a result 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 to it.

31. Annual General Meeting

31.1 The Society shall hold an Annual General Meeting in each Financial Year, at such hour, date and place as the Directors shall determine.

31.2 The Directors 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 Directors (called in these Rules “**the Directors’ Report**”) on the business of the Society, which Directors’ Report shall include the information required by or under the Statutes.

31.3 In these Rules, “**Annual Accounts**” means the classes of document (including the notes to them) the Society is required (unless otherwise exempted) by or under the Statutes to prepare by way of accounts for itself individually and, if it has subsidiaries, by way of group accounts for itself and those subsidiaries.

31.4 The report of the auditors on:

- (a) the Annual Accounts laid before the Annual General Meeting; and
- (b) to the extent required by the Statutes, the annual business statement of the Society and the Directors’ Report

shall be open to inspection by any Member at that meeting.

32. Special general meetings

32.1 All general meetings of the Society other than Annual General Meetings shall be called special general meetings.

32.2 The Directors may, whenever they think fit, convene a special general meeting.

32.3 The Directors shall convene a special general meeting on the requisition of not less than 500 Qualifying Members and specify the meeting as such in the notice calling it. Subject to the following provisions, the requisition shall state the full text of any resolution which the requisitioners wish to move at the meeting. The requisition 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, provided

that each document is deposited within three months of the date on which the first was deposited.

- 32.4 Subject to Rules 32.5 and 32.6, if required by the requisition, the Directors shall send to each Member entitled to receive notice of the meeting a copy of a statement of not more than 500 words with respect to the matters to be dealt with at the meeting.
- 32.5 The Directors shall be under no duty to send copies of a statement to Members entitled to receive notice of the meeting in any case where:
- (a) the statement does not relate directly to the matters to be dealt with at the meeting and to the affairs of the Society;
 - (b) the full text of the statement is not deposited at the same time as the requisition; or
 - (c) the Directors (acting in their sole discretion) consider that rights conferred by Rule 32.4 are being abused to seek needless publicity, or the statement is defamatory of any person or it is frivolous or vexatious.
- 32.6 If the Directors are required under Rule 32.4 above to send a statement to Members entitled to receive notice of the meeting and they do not comply with the requirement within 28 days from the date of the deposit of the sole requisition or the date of deposit of the last requisition, not less than one half of the requisitioners themselves may send a copy of the statement to each Member entitled to receive notice of the meeting.
- 32.7 If the Directors wish to object to the requisition and/or the matters referred to in Rule 32.4 by virtue of any of the requirements of this Rule 32 not being met, they must do so within 14 days of the requisition or document or statement being deposited at the Registered Office.
- 32.8 Subject to Rule 32.7, if the Directors do 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 Rule 32.3 proceed to despatch notices convening 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, but 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 Directors and notices of it shall be sent by post to the Persons entitled to it under Rule 33.

- 32.9 The Directors 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.
- 32.10 Any reasonable expenses incurred by the requisitioners by reason of the failure of the Directors duly to convene a meeting in accordance with these Rules shall be paid to those requisitioners by the Society. Any sum so paid shall be recovered by the Society from the defaulting Directors (whether by way of retention of fees or other remuneration in respect of services, or otherwise).
- 32.11 The Directors shall be under no duty to convene such a special general meeting if the date of the meeting called in accordance with Rule 32.8 would fall during the period of four months beginning one month after the end of the Financial Year.
- 32.12 No business shall be conducted at any special general meeting except such as shall be stated in the notice convening the meeting.
- 32.13 Except where the requisitioners themselves convene a special general meeting under this Rule 32, special general meetings shall be held at such hour, date and place as the Directors shall determine.
- 32.14 The accidental omission to send a statement to, or the non-receipt of a statement by, any Member entitled to receive a statement shall not invalidate the proceedings at that general meeting.

33. Notice of meetings

- 33.1 At least 21 clear days' notice, such notice period ending on the date which is the final date for the receipt of proxies under Rule 38, in writing of every general meeting of the Society specifying the hour, date and place of the meeting shall be given to Members as provided in this Rule and in addition to the Society's auditor. The notice shall specify the nature of any resolution to be moved at the meeting and of the other business to be transacted at it. The notice shall state:
- (a) whether or not the Member to whom it is addressed will be, so far as the Society is aware, a Qualifying Member on the date of the meeting;
 - (b) that a Qualifying Member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him;
 - (c) that the proxy need not be a Member of the Society; and
 - (d) that the Qualifying Member may direct the proxy how to vote at the meeting.

- 33.2 The Annual General Meeting shall be described as such in the notice of meeting.
- 33.3 Notice of a meeting shall be given to every Member, including Members who will not be, so far as the Society is aware, a Qualifying Member on the date of the meeting.
- 33.4 A notice of a meeting shall be given to the holder of a power of attorney which has been duly registered in the records at the Registered Office by sending it to the Registered Address of the holder of the power of attorney in accordance with these Rules. No notice shall be given to the Member who gave the power.
- 33.5 If the Society has been notified that a Member is suffering from mental disorder, a notice of a meeting shall be given by the Society to such Person appointed by a court (whether in the United Kingdom or elsewhere) in matters concerning that Member's mental disorder. Such a notice shall be given to such Person personally or by sending it by post or otherwise delivering it to the address supplied for the purpose by the aforesaid Person or, until such an address has been so supplied, by sending the notice to the Registered Address of the Member in accordance with these Rules.
- 33.6 The accidental omission to give, send or deliver a notice of a meeting to, or the non-receipt of a notice of a meeting by, any Person entitled to receive notice shall not invalidate the proceedings at that meeting.

34. Entitlement to propose resolutions at the Annual General Meeting

- 34.1 For the purposes of this Rule 34, the following expressions shall have the following meanings:
- (a) **"Requisite Number"** means 500, and
- (b) **"Members' Notice"** means a notice given to the Society in writing (whether in one or more documents) signed by at least the Requisite Number of Qualifying 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.
- 34.2 If the Society receives a Members' Notice, (subject to the following provisions) the Directors shall 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.
- 34.3 If it is not practicable for any reason to include a Members' Notice, duly given, within the notice of the Annual General Meeting, the Members' Notice so given shall be sent along with the notice of that meeting. If, however, that is not practicable, the

Members' Notice so given shall be sent as soon as practicable after the despatch of the notice of that meeting.

- 34.4 A Members' Notice (or the last of the documents sufficient to enable it to comply with the requirements of Rule 34.1) shall not be valid if it is 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.
- 34.5 Subject to Rule 34.6, if required by the Members' Notice, the Directors shall send to each Member entitled to receive notice of the Annual General Meeting a copy of a statement of not more than 500 words with respect to the matters referred to in the proposed resolution.
- 34.6 The Directors shall be under no duty to send copies of a statement to Members entitled to receive notice of the meeting in any case where:
- (a) the statement does not relate directly to the matters to be dealt with at the meeting and to the affairs of the Society;
 - (b) the full text of the statement is not deposited at the same time as the Members' Notice; or
 - (c) the Directors (acting in their sole discretion) consider that rights conferred by Rule 34.5 are being abused to seek needless publicity, or the statement is defamatory of any person or it is frivolous or vexatious.

35. Quorum at general meetings

- 35.1 No business shall be considered at any Annual General Meeting or special general meeting unless a quorum is present at the time when the meeting proceeds to business. A special general meeting requisitioned by Members under Rule 32 is quorate if 500 Qualifying Members entitled to vote are present; otherwise, a general meeting is quorate if 10 Qualifying Members entitled to vote are present.
- 35.2 If no quorum shall be present within half an hour after the time appointed for the Annual General Meeting or special general meeting, 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 32, in which case the Chairman of the meeting shall dissolve it.

36. Procedure at meetings

- 36.1 The Chairman of the Board shall chair every meeting of the Society. If there is no Chairman or if the Chairman is not present within fifteen minutes after the time appointed for the meeting or if the Chairman is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting. If at any meeting no Director is willing to act as Chairman, or if no Director is present within fifteen minutes after the time appointed for the meeting, the Qualifying Members present and entitled under Rule 35 above to be included in the quorum for the meeting shall choose one of their number who is present to be the Chairman of the meeting.
- 36.2 The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by an ordinary resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in this Rule 36, 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.
- 36.3 Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at an 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.
- 36.4 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.
- 36.5 Subject to the Statutes 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.
- 36.6 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 Qualifying Members who are entitled to vote at the meeting and are present in person, by proxy, by attorney or by Corporate Representative,

and, in the event of such a demand, a poll shall be taken in accordance with Rule 36.9, but no poll shall be permitted upon an ordinary resolution to appoint a Chairman or as to whether the meeting should be adjourned.

- 36.7 Unless a poll be so demanded, a declaration by the Chairman as to the result of a vote 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.
- 36.8 If a motion for a special resolution or the election of a Director is to be put to the vote of the meeting, a poll shall be deemed to have been demanded by the Chairman.
- 36.9 If a poll is duly demanded in accordance with this Rule 36, it shall be taken at the meeting at which it is demanded or, if the Chairman so decides, at an adjourned meeting and as the Chairman directs and the result of the poll, shall, notwithstanding Rule 36.3, be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken.
- 36.10 Voting papers to be used on a poll shall be valid only if they are issued by the Society.

37. Entitlement to vote on resolutions

- 37.1 On a show of hands, every Qualifying Member is entitled to vote and:
- (a) being an Individual, is present in person or by attorney; or
 - (b) being a body corporate, is present by a Corporate Representative, not being himself or herself a Qualifying Member entitled to vote thereon,
- shall be entitled to one vote, but subject always to Rule 39.1.
- 37.2 On a poll every Qualifying Member may vote in person or by proxy or by attorney or by a Corporate Representative and shall be entitled to one vote.
- 37.3 The holder of a power of attorney from a Person who is a Qualifying Member shall, if the power of attorney is duly registered at the Registered Office not less than 2 clear days before the day appointed for holding the meeting, be entitled to vote in all circumstances as if he were a Qualifying Member in place of the Qualifying Member, but he shall not be entitled to appoint a proxy or an attorney.
- 37.4 A Qualifying Member in respect of whom an order has been made by any court (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by such Person in that behalf appointed by that court.

37.5 Any such Person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the Person claiming to exercise the right to vote shall be deposited at the Registered Office not less than 2 clear days before the day appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

38. Appointment of proxies

38.1 A Qualifying Member:

(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.

38.2 A proxy shall be appointed by an instrument in writing which shall be in such form and include such declarations as the Directors may from time to time determine. The instrument shall enable the Person appointing the proxy to direct him how to vote and, if the instrument is not in the form specified by the Society or is not signed by the appointor, the appointment of the proxy shall be invalid. The appropriate forms of declaration shall, with such additional or amended wording as the Directors may consider appropriate, be used in the case of a body corporate. If the appropriate declaration is not included in the instrument, the appointment of the proxy shall be invalid.

38.3 The instrument appointing a proxy or a representative shall be deposited at the Registered Office or such other place as is described in the Notice of Meeting not less than 2 clear days before the day appointed for holding the meeting, or adjourned meeting, and in default the instrument shall not be treated as valid.

38.4 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.

38.5 If a Qualifying Member who at the final date for the receipt of proxy instruments determined under Rule 38.3 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 who was appointed as a proxy may, notwithstanding Rule 37, act as the Qualifying Member's proxy at that meeting.

38.6 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of a Share in respect of which the proxy is given, 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.

39. Representative Members

39.1 Where Members have undertaken Qualifying Business jointly:

- (a) only the Representative Member shall be entitled by reference to such jointly undertaken Qualifying Business to receive notice of meetings or to exercise any vote or any other right relating to voting or the convening of a meeting or to the proposing of any resolution at a meeting of the Society; and
- (b) when calculating any entitlement to Membership Points such jointly undertaken Qualifying Business shall be deemed to be allocated amongst such Members in accordance with the provisions contained in the then current Membership Points Scheme.

39.2 Any reference in these Rules to any number of Qualifying Members shall be read as if any joint account or other examples where Qualifying Business has been undertaken jointly were held or undertaken (as applicable) by the Representative Member only.

40. Membership ballots

40.1 The Directors may determine to submit a resolution for decision by electronic or postal ballot of Qualifying Members, but the power conferred by this Rule shall not be exercisable in respect of any resolution required by the Statutes to be passed at a meeting of the Society or resolutions for the appointment or reappointment of an auditor or for the removal of an auditor before the expiration of his term of office.

40.2 The Society shall give notice of the ballot which, accompanied by or incorporating a voting paper, shall be sent:

- (a) not less than 21 days nor more than 56 days before the date which the Society specifies for the receipt of the completed voting papers;
- (b) to the Registered Address of every Qualifying Member;
- (c) to every Person who becomes a Qualifying Member of the Society after the date of the notice of the ballot and before the voting date; and
- (d) to the Society's auditor.

- 40.3 The notice of a ballot sent in accordance with Rule 40.2 shall be accompanied by such other documents as would be required to be given or sent to a Member with a notice of a meeting, had it been intended to vote on the resolution at a meeting instead of by ballot with the exception of any notices relating to voting by proxy at a meeting and with the exception that no voting papers shall be sent to any Person who is not entitled to vote on the resolution.
- 40.4 The accidental omission:
- (a) to give notice of a ballot; or
 - (b) to send a voting paper or any document required by Rule 40.2 to accompany such a notice, to any Person entitled to receive it, or non-receipt of such a notice, voting paper or document by such a Person,
- shall not invalidate the ballot.
- 40.5 The voting paper shall be in such form and be accompanied by or incorporate any explanatory note as the Directors may decide.
- 40.6 Subject to the foregoing provisions of this Rule, the Directors shall make regulations for the conduct of the ballot (including the appointment of an Individual to decide all questions that might arise relating to the ballot except such as are by this Rule delegated to the Directors) and shall fix a time (not being later than 7 days after the final date for the receipt of voting papers) and place at which the voting papers shall be opened and counted.
- 40.7 A Qualifying Member to whom a voting paper is sent in accordance with Rule 40.2 shall be entitled to one vote on any resolution. The regulations made by the Directors under Rule 43.6 may, if the Directors think fit, include provisions enabling any Qualifying Member who has returned a completed voting paper to change the direction of his vote by completing and returning a replacement voting paper before the last date for the receipt of completed voting papers.
- 40.8 The Directors shall announce the result of the ballot by:
- (a) an advertisement in at least one national daily newspaper and on the Society's website; and
 - (b) a notice displayed in a prominent position at the Registered Office,
- and shall state in that advertisement and notice the time at which the counting of the votes was completed.

41. Counting of votes

If on a show of hands or on a poll or a ballot:

- (a) any votes are counted that ought not to have been counted; or
- (b) any votes are not counted that ought to have been counted,

the error shall not vitiate the decision arrived at unless it has been in the opinion of the Chairman or in the case of a ballot the Individual appointed by the Directors pursuant to regulations made under Rule 40.6 of sufficient magnitude so to do.

42. Auditors

- 42.1 At each Annual General Meeting, the Society shall appoint one or more auditors to hold office as such from the conclusion of that meeting until the conclusion of the next Annual General Meeting.
- 42.2 No Person shall be appointed as an auditor of the Society unless he is qualified for such an appointment by or under the Statutes.
- 42.3 The Directors may appoint any Person qualified for appointment under this Rule to fill any casual vacancy but, while any such vacancy continues, any surviving or continuing auditor may continue to act.

43. Entitlement of Qualifying Members to receive dividends

- 43.1 Subject to applicable law, the Directors may from time to time declare a dividend to be paid to Qualifying Members.
- 43.2 Any such dividend shall be distributed among Qualifying Members in proportion to the number of Membership Points held by them (if any) at the Relevant Reference Date relating to that dividend.
- 43.3 For the purposes of this Rule 43 there is no maximum dividend that can be paid to a Qualifying Member.
- 43.4 The Directors may in their discretion decide to deduct from a dividend payment to a Qualifying Member any amount unpaid on that Qualifying Member's Share.

44. Unclaimed dividends

- 44.1 This Rule applies to dividends which are payable under Rule 43 and which are unclaimed after having been declared or become payable. All such dividends may be invested or otherwise made use of by the Directors for the benefit of the Society until claimed.
- 44.2 The payment of any such dividend into a separate account does not make the Society a trustee in respect of it.
- 44.3 If 12 years have passed from the date on which a dividend became due for payment and the dividend recipient has not claimed it, the recipient is no longer entitled to that dividend and it ceases to remain owing by the Society.

45. Entitlement of Qualifying Members to receive distributions on a winding-up

- 45.1 Subject to applicable law, upon the winding-up of the Society, or upon it being dissolved by consent, any surplus remaining after payment in full of the Society's creditors and repayment to Members of the amount paid on their Shares, shall be distributed to Qualifying Members.
- 45.2 Any such distribution shall be distributed among Qualifying Members in proportion to the number of Membership Points held by them (if any) at the Relevant Reference Date.
- 45.3 For the purposes of this Rule 45 there is no maximum distribution that can be paid to a Qualifying Member.
- 45.4 The Directors may in their discretion decide to deduct from a distribution payment to a Qualifying Member any amount unpaid on that Qualifying Member's Share.

46. Alteration of Rules

- 46.1 Notwithstanding anything elsewhere in these Rules, these Rules may be altered by passing a special resolution and registering the altered Rules with the FCA in accordance with the Statutes.
- 46.2 No Rule or alteration to a Rule made by the Society in general meeting shall invalidate any act of the Directors prior to the date on which the Rule or alteration takes effect that would have been valid if that Rule or alteration had not been made.

47. Notices to the Secretary and by the Society

47.1 Any notice or other document to be served on the Society under these Rules may be served:

- (a) by emailing it to the following email address: Secretary@krps.com or such other email address as the Society's notifies to its Members from time to time for that purpose;
- (b) by leaving it, addressed to the Secretary, at the Registered Office; or
- (c) by sending it by post, or delivering it, to the Secretary at that Office.

47.2 Subject to Rule 47.3 below, any notice or other document to be served by the Society on a Member under these Rules may be served either on the Member:

- (a) by email (where the Member has provided a Registered Electronic Address), and a notice or document so sent shall be deemed to have been duly served 24 hours after having been sent; or
- (b) by sending it by post or by otherwise delivering it, addressed to him at his Registered Postal Address, and a notice or document so sent or delivered shall be deemed to have been duly served 72 hours after having been sent (regardless of the class of post by which such notice or document is sent).

47.3 The provisions of Rule 33 shall apply to the service of any notices in the same way as to notice of meetings, with the necessary changes being made.

47.4 The Society shall not be obliged by the Statutes or these Rules to serve a notice, a voting paper or other document on a Member in whose case the Society has reason to believe that communications sent to him at his Registered Address are unlikely to be received by him but in the case of a notice (defined by Rule 33) of a meeting and in the case of the notice of a ballot pursuant to Rule 40 the Society shall, if it decides not to send the notice to him by post in accordance with those provisions, instead display in a prominent position at the Registered Office a notice of the holding of the meeting or a notice of the holding of the ballot which:

- (a) must be given not later than 21 clear days before the date of the proposed meeting, or 21 clear days before the final date for the receipt of proxies, or, as the case may be, the final date for the receipt of completed voting papers; and

- (b) must state where Members may obtain:
 - (i) copies of the resolutions and of any statements with respect to the matter referred to in a resolution; and
 - (ii) either forms relating to voting by proxy or, in the case of a ballot, the voting papers.

48. Dispute resolution

48.1 Any dispute between the Society or any of its officers acting in their capacity as such and:

- (a) a Member;
- (b) any person aggrieved who has ceased to be a Member not more than six months previously;
- (c) any Person claiming through a Member or any such person aggrieved; or
- (d) a Person claiming under these Rules,

(the “**Counterparty**”) shall be referred to a panel made up of three Members of the Society (the “**Dispute Panel**”).

48.2 In the event that a dispute is to be referred to the Dispute Panel under Rule 48.1, the Society shall, acting in good faith, identify 10 Members willing to be nominated to the Dispute Panel. Each such Person must be independent and unconnected with the relevant dispute, the parties to the dispute and/or any Directors of the Society. The relevant Counterparty shall then draw three names from the list of potential members of the Dispute Panel by lot in the usual way and the three Members whose names are first drawn shall decide the dispute and their decision shall be binding on the parties. If a selected Member becomes unable or unwilling to act, then this process shall be repeated mutatis mutandis to select an alternative Member.

48.3 The members of the Dispute Panel shall decide their own procedure and shall act as experts and not as arbitrators. Any decision by the Dispute Panel shall be decided by majority vote of the relevant Members with each such Member having one vote. Their decisions shall be final and binding on the parties to the dispute. The costs of the dispute process shall be borne equally by the Society and the Counterparty unless otherwise determined by the Dispute Panel.

48.4 The members of the Dispute Panel shall, in the absence of fraud, have no liability to the Society or any Counterparty in relation to any dispute.

49. Dissolution

49.1 The Society may be dissolved:

- (a) on its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986; or
- (b) by an instrument of dissolution to which not less than three fourths of the members of the Society have given their consent, testified by their signatures to the instrument.