

## MEMORANDUM & RULES

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**BRITISH  
FRIEN:LY**

It feels good to be covered

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Memorandum and Rules of the British Friendly Society Limited

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# Memorandum and Rules

of the  
British Friendly Society Limited

Registered and incorporated under the  
Friendly Societies Act 1992

Registered Number 392F

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**1. NAME**

The Society is an incorporated friendly society. It is called "British Friendly Society Limited", and is referred to as the "Society".

**2. REGISTERED OFFICE**

The registered office of the Society is to be situated in England and Wales. The address of the registered office shall be No. 1 Trevor Street, Bedford, Bedfordshire, MK40 2AB.

**3. PURPOSES**

3.1 The purposes of the Society shall be the carrying on of the following classes of business or other activities:

- (a) long term business of all or any one or more of the classes specified in Head A of Schedule 2 to the Act;
- (b) general business of either or both of classes 1 and 2 specified in Head B of Schedule 2 to the Act;
- (c) activities carried out in accordance with the Society's rules (or with arrangements made under the rules) whereby discretionary benefits are provided:

- (i) for the education of any person;
- (ii) for the relief or maintenance of any persons during sickness, when out of employment or when in distressed circumstances; or
- (iii) for the funeral expenses of any persons

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

Any business or activity referred to above:

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

3.2 In addition, the Society may carry on:

- (a) social or benevolent activities which are not inconsistent with the other purposes of the Society;
- (b) group insurance business;
- (c) reinsurance of risks for any registered friendly society or any other incorporated friendly society.

3.3 The Society may form subsidiaries, take part with others in forming bodies corporate to be jointly controlled by it and otherwise acquire, or keep, control or joint control of bodies corporate subject to and in accordance with the provisions of the Act. But the Society shall not enter into joint control of a body corporate without first receiving the consent of the Financial Conduct Authority unless the joint control is with another incorporated friendly society.

#### **4. POWERS**

##### **4.1 Investment of Funds**

So much of the funds of the Society, as may not be wanted either for immediate use, or to meet the usual accruing liabilities, shall be invested by the Society in any of the following ways:

- (a) in the purchase of land;
- (b) in the erection or alteration of offices or other buildings thereon;
- (c) in any investment in which trustees are for the time being by law authorised to invest trust funds; or
- (d) in any other manner authorised by the rules of the Society, subject to and in accordance with the provisions of the Act.

##### **4.2 Borrowing**

The Society may borrow money with or without security and on such terms as to interest repayment and otherwise as the Committee of Management may in its discretion think fit and use it for any of the purposes or activities of the Society or its subsidiaries and no one from whom the Society borrows money in purported exercise of this power shall be concerned to see that the money is wanted or that no more than is wanted is raised or be concerned in any way as to the propriety of the transaction or the application of the money.

##### **4.3 Assistance to Controlled Bodies**

The Society may provide any of its subsidiaries or jointly controlled bodies the following services:

- (a) loans of money, with or without security and whether or not at interest;
- (b) the use of services or property, whether or not for payment;
- (c) grants of money, whether or not repayable; and
- (d) guarantees of the discharge of their liabilities.

##### **4.4 Loans to Members**

- (a) The Society may advance to a member of at least two full years' standing any sum not exceeding one half of the amount of an assurance of his life, on the written security of himself and two satisfactory sureties or, in Scotland, cautioners for repayment. (A person's membership before incorporation of the Society will be taken into consideration in calculating his standing for the purpose of this section.)
- (b) The amount so advanced, with all interest on it, may be deducted from the sum assured, without prejudice in the meantime to the operation of the security.
- (c) The Society may also make loan advances to members on the security of freehold or leasehold property.

4.5 Subscriptions to Other Bodies

- (a) The Society may subscribe from its funds, to any hospital, infirmary, charitable or provident institution, any annual or other sum which may be necessary to secure to members, and their families, the benefits of that institution.
- (b) The Society may contribute to the funds and take part in the government of any other friendly society.

4.6 Other Activities

The Society may carry on any activity which is incidental or conducive to the carrying out of its purposes.

**5. LIMITATION OF LIABILITIES OF MEMBERS**

- 5.1 The liability of a member of the Society is limited to the amount of any subscription to the Society which is outstanding.
- 5.2 No subscription of a member of the Society shall be recoverable at law except on the winding up of the Society.

**6. INTERPRETATION**

In this memorandum:

- (a) the "Act" means the Friendly Societies Act 1992;
- (b) the 'Financial Conduct Authority' means the Financial Conduct Authority or such body as may fulfil the functions of the Financial Conduct Authority from time to time in accordance with the Act or any other acts or statutory instruments or statutory provisions from time to time in force relating to friendly societies.
- (c) the "Committee of Management" means the Committee of Management of the Society;
- (d) expressions, where used in this memorandum, have the same meaning as they have in the Act;
- (e) any words importing the masculine include the feminine, any words importing the singular include the plural, and vice versa; and
- (f) reference to any statute or statutory instrument includes reference to any statutory modification or re-enactment thereof.

## **1. INTERPRETATION**

1.1 In these Rules, unless the context otherwise requires, the terms set out below shall have the meaning set out opposite them:

**"Act"** the Friendly Societies Act 1992;

**"Annual Accounts"** the classes of document (including the notes to them) which the Society is required (unless otherwise exempted) by or under the Legislation to prepare by way of accounts for itself individually and, if it has Controlled Bodies, by way of group accounts for itself and those Controlled Bodies;

**"Actuarial Function Holder"** an actuary appointed by the Society under Rule 27 to hold the actuarial function in relation to the Society as required by the Legislation;

**"Board Member"** a member of the Board of Directors;

**"Board of Directors"** the directors acting as the committee of management of the Society;

**"Board Report"** the report of the Board referred to in Rule 18.3;

**"Century Tables"** the conditions and tables of benefits applicable to certain Holloway Members contained in the booklet published by the Society entitled "Century Tables" as at the date of registration of these Rules as amended from time to time;

**"Chief Executive"** a person who is employed by the Society and who, either alone or jointly with one or more other persons, is or will be responsible under the immediate authority of the Board of Directors for the conduct of the business of the Society and also means, if the office is vacant or if there is for any other reason no Chief Executive capable of acting, a person authorised by the Board of Directors to act as the deputy or assistant to or in the stead of the Chief Executive;

**"Commuted Holloway Member"** has the meaning set out in paragraph 1.3 of the Schedule;

**"Controlled Body"** a body corporate in respect of which the Society has control or joint control within the meaning of section 13 of the Act;

**"Electronic Communication"** an electronic communication within the meaning of the Electronic Communications Act 2000;

**"Executive Board Member"** a Board Member who holds an executive office with the Society;

**"Financial Conduct Authority"** the Financial Conduct Authority or such body as may fulfil the functions of the Financial Conduct Authority from time to time in accordance with the Legislation;

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

**"Holloway Benefits"** the benefits payable to Holloway Members or to their dependants under the Holloway Tables or the Century Tables;

**"Holloway Business"** the business of providing permanent health insurance within Classes I and IV of Head A to Schedule 2 to the Act and the activities ancillary thereto as carried on by the Society prior to the date of registration of these Rules and as carried on by the Society subsequently in accordance with the Holloway Tables or the Century Tables. For the avoidance of doubt the Holloway Business includes mortgage lending to Holloway Members under paragraph 2 of the Schedule but excludes any permanent health insurance of whatever description conducted by the Society on or after the date of registration of these Rules otherwise than in accordance with the Holloway Tables or the Century Tables;

**"Holloway Members"** those members of the Society insured under Rule 2.1 (b);

**"Holloway Tables"** the conditions and tables of benefits applicable to certain Holloway Members contained in the booklet published by the Society entitled "Holloway Tables" as at the date of registration of these Rules as amended from time to time;

**"Legislation"** the Act, the Financial Services and Markets Act 2000 and any other act or acts or statutory instruments or statutory provisions (including for the avoidance of doubt the handbook of rules and guidance published by the Financial Conduct Authority and the Prudential Regulation Authority) from time to time in force relating to friendly societies;

**"Manager"** a person (other than the Chief Executive) employed by the Society who, under the immediate authority of the Chief Executive, exercises managerial functions or is responsible for maintaining accounts or other records of the Society;

**"Memorandum"** the memorandum for the time being in force of the purpose and the extent of the powers and activities of the Society agreed upon by the Society pursuant to the Legislation;

**"month"** calendar month;

**"Non-executive Board Member"** a Board Member who is not an Executive Board Member

**"Officer"** any Board Member, Chief Executive, Secretary or Manager;

**"Person"** includes a body corporate;

**"Policy"** a policy document or contract issued by the Society to a member and includes, where the context so admits, an entitlement of a member to receive Holloway Benefits;

**"Premiums"** amounts payable by Members to obtain the right to receive benefits in accordance with their policy terms and conditions;

**"Prudential Regulation Authority"** the Prudential Regulation Authority or such body as may fulfil the functions of the Prudential Regulation Authority from time to time in accordance with the Legislation;

**"Registered Address"** in relation to any member of the Society (or person appointed as his attorney), the address (which shall include, where applicable, an electronic address) shown from time to time in the Register of Members and, except in the case of an electronic address, if the Board so requires shall be an address in the United Kingdom;

**"Register of Members"** the records of the Society comprising the register of members maintained pursuant to the Legislation;

**"Registered Office"** the registered office of the Society from time to time;

**"Rules"** the rules of the Society in force from time to time;

**"Secretary"** the officer appointed by the Board of Directors to be the Secretary of the Society and also means, if the office is vacant or if there is for any other reason no Secretary capable of acting, a person authorised by the Board of Directors to act as the deputy or assistant to or in the stead of the Secretary;

**"Sick Pay"** the benefit payable to Holloway Members while sick in accordance with the Holloway Tables for members whose policies are subject to the Holloway Tables or the Century Tables for members whose policies are subject to the Century Tables;

**"Society"** British Friendly Society Limited;

**"Special Resolution"** has the meaning given by paragraph 7 of Schedule 12 to the Act;

**"Unit"** allocated by the Society for the purpose of calculating Premiums and Holloway Benefits;

**"Voting Date"** the date which the Society specifies as the final date for the receipt of completed ballot papers.;

**"With-Profits Actuary"** an actuary appointed by the Society under Rule 27 to hold the with-profits actuary function in relation to the Society as required by the Legislation; and

- 1.2 Other words or expressions to which a particular meaning is given in the Legislation shall bear the same meaning in the Rules.
- 1.3 Any words importing the singular shall include the plural, and any words importing the masculine gender shall include the feminine gender, and vice versa.
- 1.4 Reference to any statute or statutory instrument shall include reference to any statutory modification or re-enactment thereof.
- 1.5 Reference in these Rules to any particular Rule or paragraph, without further designation shall be construed as a reference to the particular Rule or paragraph of the Schedule so numbered.
- 1.6 The Schedule shall form part of these Rules and, as such, may be varied, rescinded or added to the manner provided for in these Rules.

## **2. MEMBERSHIP**

- 2.1 In these Rules a member of the Society is a person who:
- (a) is and remains insured by the Society under a contract constituting long-term business of a class specified in Head A of Schedule 2 to the Act, other than a contract for Holloway Benefits; or
  - (b) has applied to the Society for Holloway Benefits and in a form prescribed by the Board of Directors from time to time, whose application has been accepted and who has an interest, whether actual or contingent, in the funds of the Society.
- 2.2 Each member of the Society and all persons claiming through him or on his account shall be bound by the Rules from time to time in force during the period of the person's membership of the Society.
- 2.3 Membership shall commence from the date of issue of the certificate or Policy evidencing the terms of the benefit or assurance or, in the case of a person who has applied for Holloway Benefits under Rule 2.1 (b), when such application has been accepted.
- 2.4 Each member shall supply a specimen of his signature as and when required by the Society.
- 2.5 A member who is a minor may, if he is over 16 years of age, by himself, or if he is under that age, by his parent or guardian, execute all instruments and give all receipts necessary to be executed or given under the rules of the Society, but shall not vote or hold any office in the Society, and may not nominate, or join in nominating, a person for election as a member of the Board of Directors.
- 2.6 A member shall automatically cease to be a member if the Society receives notice that he has died or that:
- (a) he has assigned his interest in all his Policies with the Society by virtue of which he was entitled to be a member (otherwise than by way of mortgage or charge) or has ceased by operation of law to be a policyholder in respect of all such Policies; or
  - (b) an event has occurred upon which the benefit or last of the benefits payable under all his Policies with the Society by virtue of which he was entitled to be a member have fallen due; or
  - (c) for some other reason (including the rescission or cancellation or surrender of a Policy or the expiry of any periods of assurance stated in a Policy) neither the Society nor the member has any remaining rights under any of his Policies with the Society by virtue of which he was entitled to be a member.

**3. REGISTER OF NAMES AND ADDRESSES OF MEMBERS**

- 3.1 The Society shall maintain a register of the names and addresses of the members of the Society. The register shall also include any electronic addresses notified to the Society as contemplated by paragraph 14 (1A) of Schedule 3 to the Act.
- 3.2 The register shall be kept at the Registered Office or at such other place or places as the Board of Directors thinks fit.
- 3.3 The Society need not enter in the register the address of a member who became a member before the incorporation of the Society while it has no address for him and his whereabouts are unknown.
- 3.4 Each member shall notify the Society within 14 days quoting the details of all Policies held by him of any change of name or address and shall produce such written evidence of the same as the Society may require.
- 3.5 Where it appears to the Society that the address shown in the register for a member (and, where applicable, any electronic address notified by the member) is no longer current, the Society:
- (a) may remove that address or electronic address from the register; and
  - (b) need not enter in the register an address or electronic address for that member while it has no address for him and his whereabouts are unknown.

**4. DISQUALIFICATION AND TERMINATION OF MEMBERSHIP**

- 4.1 If a member shall make a claim on the Society's funds knowing the same to be false or fraudulent as regards the amount or otherwise, his entitlement to any benefit from the Society shall become void and all benefits shall be forfeited.
- 4.2 The Board of Directors may terminate a person's membership of the Society by resolution of the Board of Directors if in its absolute discretion it considers that:
- (a) the member is or has been in material breach of any of the Rules; or
  - (b) the person's continued membership of the Society is or may be detrimental or prejudicial to the interest of the members generally, subject always to the terms of the Rules of the Society.
- 4.3 Nothing contained in Rule 4.2 above shall prevent a person from referring the decision of the Board of Directors thereunder to arbitration under the provisions of Rule 35.

**5. NOMINATIONS**

A member not under the age of 16 may in accordance with Schedule 9 to the Act nominate a person or persons to whom any sum of money payable by the Society on his death or any specified amount of money so payable shall be paid at his decease and the provisions of the said Schedule 9 shall have effect in accordance with their terms.

**6. PREMIUMS AND BENEFITS**

- 6.1 The terms on which any person (whether or not a member of the Society) shall pay premiums to and receive benefits from the Society are not contained in these Rules.
- 6.2 Such terms:
- (a) shall, in the case of Holloway Benefits, be as set out in the Holloway Tables for members whose policies are subject to the Holloway Tables or the Century Tables for members whose policies are subject to the Century Tables, from time to time;
  - (b) shall, in the case of any other Policy or contract issued by the Society after the date of registration of these Rules, be set out in the Policy or contract (and accordingly shall be determined by reference thereto).
- 6.3 The terms to be contained in any Policy (other than Holloway Benefits, which, subject to Rule 6.2, shall be determined in accordance with the Holloway Tables for members whose policies are subject to the Holloway Tables or the Century Tables for members whose policies are subject to the Century Tables) shall be determined from time to time by the Board of Directors having regard to the advice of the Actuarial Function Holder and the With-Profits Actuary and in accordance with (and subject to) the Legislation.
- 6.4 The Society shall:
- (a) make available free of charge to members at every office of the Society copies of the terms on which a benefit for which he is eligible to apply is provided; and
  - (b) send, free of charge, copies of them to any member who demands them.

## **7 BOARD OF DIRECTORS**

- 7.1 The business of the Society and any business which the Society proposes to carry on shall be under the direction of the Board of Directors.
- 7.2 The Board of Directors shall consist of not more than 10 nor (subject to the provisions of Rule 10.6) fewer than 4 members and the Board of Directors may from time to time resolve the number who together shall constitute the Board of Directors within these limitations.
- 7.3 The Board of Directors may exercise all those powers of the Society as are not, by the Legislation or by the Rules, required to be exercised by the Society or the Members in general meeting.
- 7.4 No Rule or alteration to a Rule made by the Society in general meeting shall invalidate any act of the Board of Directors prior to the date on which the Rule or alteration takes effect and which would have been valid if that Rule or alteration had not been made.
- 7.5 The Board of Directors shall ensure the direction and management of all affairs and business of the Society:
- (a) by a sufficient number of persons fit and proper to be Board Members or other officers in their respective positions;
  - (b) with prudence and integrity;
  - (c) in the best interest of the members and in accordance with best practice; and
  - (d) in accordance with the Memorandum and the Rules, and with the Legislation.
- 7.6 Without prejudice to the generality of the foregoing Rules 7.1, 7.2, 7.3, 7.4 and 7.5 the Board of Directors:
- (a) shall supervise the activities of any Controlled Body;
  - (b) may make, vary or revoke regulations for the conduct of business at its meetings, including but not limited to:
    - (i) voting rights, including casting votes;
    - (ii) special meetings; and
    - (iii) minutes of meetings;
  - (c) may remunerate the Board Members and pay the reasonable expenses of the Board Members;
  - (d) may pay the expenses of the Society and such sums as the Board of Directors may deem necessary or expedient to be paid in the interests of the Society;
  - (e) may make, vary or revoke regulations for the conduct of the business of the Society, provided that the same are not inconsistent with the Rules, the Society's Memorandum or the Legislation;
  - (f) may authorise the use of all forms, instruments and other documents that it may deem necessary for the proper conduct of the business of the Society;

- (g) may delegate any of its powers, duties, discretion and authorities relating to the business of the Society to:
  - (i) one or more Board Members; or
  - (ii) committees or sub-committees consisting of such Board Member or Board Members, other officer or officers and/or employee or employees as it thinks fit;
- (h) may invest the funds of the Society in the manner authorised by the Memorandum, the Rules or under the Legislation;
  - (i) may from time to time appoint, and change the appointment of, an actuary as actuary to the Society to perform the duties required by the Legislation and on such terms as the Board of Directors shall from time to time decide.
- 7.7 One half of the total number of Board Members in office at any time shall form a quorum.
- 7.8 All questions arising at any Board of Directors meeting shall be decided by a majority of votes and the chairman shall have the casting vote in cases where the votes are equal.
- 7.9 All acts of the Board of Directors, or any sub-committee, or any Person acting as a Board Member shall, notwithstanding that it be afterwards discovered that:
  - (a) there was some defect in the constitution of the Board of Directors or sub-committee; or
  - (b) there was some defect in the election, re-election or appointment of any member of the Board of Directors, sub-committee or Person acting as aforesaid; or
  - (c) the Person acting as aforesaid was disqualified from holding office or was not entitled to vote, be as valid as if the Board of Directors or sub-committee had been properly constituted and as if every such Person had been duly elected or re-elected or appointed or entitled to vote and, where appropriate, was qualified and had been a Board Member.
- 7.10 Subject always to the right of a member or person to refer any dispute to arbitration under Rule 35 the decision of the Board of Directors on whether or not to make an ex-gratia payment or as to the amount of any forfeit shall be final and binding.

## **8. ELIGIBILITY AND ELECTION OF BOARD OF DIRECTORS**

- 8.1 No person shall be elected or appointed as a Board Member unless:
  - (a) he is not a minor;
  - (b) he has, at least one month before the date of the meeting at which his election is to be considered, supplied in writing in such form as the Board of Directors may specify, evidence of his qualifications, financial and managerial experience, creditworthiness, competence and character and completed in draft any form or questionnaire that, if elected, he would be required to submit to any regulatory authority in accordance with the Legislation;

- (c) (except in the case of appointment under Rule 10 or where a Board Member retires under Rule 11) a form nominating him signed by five members who comply with the requirements of Rule 8.2 below has been delivered at the Registered Office no later than 1 February. The nomination form shall contain the full name, address, and occupation of the person nominated, his consent to be so nominated, and the full names and addresses of the members proposing his nomination. The nomination form shall be dated with the date of its delivery at the Registered Office of the Society and that date shall be deemed to be the date of nomination for the purpose of Rule 8.2 below; and

No such election or appointment shall take effect until all applicable regulatory approvals have been obtained.

- 8.2 The requirements with which a member must comply in order to be eligible to nominate a person as a Board Member are as follows:
  - (a) he must have been a member of the Society for not less than two years before the date of nomination; and
  - (b) he must not be a minor at that date.
- 8.3 If a vacancy arises on the Board of Directors after the latest date for nominations in the year of an annual general meeting but before the conclusion of the annual general meeting by reason of the death or disqualification of any retiring Board Member who was seeking re-election, the Board of Directors may nominate at the annual general meeting some other person who is, at the date of that meeting, not a minor to take the place of such retiring Board Member as a candidate for election and such person shall be deemed to be a retiring Board Member.
- 8.4 Any vacancy on the Board of Directors which is to be filled at a general meeting of the Society shall be put to the vote at the general meeting as an ordinary resolution. If there is a contest for the office of Board Member in that the number of candidates for election to the Board of Directors exceeds the number of vacancies, the vacancies shall be filled by those candidates obtaining the most votes. The vote shall be taken on a poll, which shall be deemed to have been demanded by the chairman. The following provisions shall apply to such a poll:
  - (a) the voting papers shall set forth the full names of all the candidates and the number of vacancies on the Board of Directors;
  - (b) the voting shall be effected by the placing of an "X" after the names of the candidates for whom the votes are to be cast;
  - (c) the voting paper shall be void if a member votes for more candidates than there are vacancies to fill;
  - (d) each member entitled to vote at the meeting shall have one vote in respect of each vacancy to be filled.
- 8.5 Where a person becomes or ceases to be a Board Member, the Society shall within seven days give notice of that fact to the Financial Conduct Authority.

**9. VACATION OF OFFICE AND DISQUALIFICATION**

- 9.1 A Board Member shall cease to hold office:
- (a) if he resigns his office by notice in writing to the Secretary;
  - (b) if he takes up a permanent residence outside the United Kingdom;
  - (c) if he is requested in writing by all his co-Board Members to resign and a resolution that he has vacated office is thereafter passed at a meeting of the Board of Directors by at least four-fifths of the Members of the Board of Directors;
  - (d) if for more than six consecutive months he absents himself without permission of the Board of Directors from meetings of the Board of Directors held during that period and the Board of Directors passes a resolution that he has vacated office;
  - (e) if he becomes bankrupt or is subject to sequestration;
  - (f) if he is, or might be, suffering from mental disorder and either:
    - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the provision of the Mental Health Act 1983, or he is admitted to hospital under the provisions of the Mental Health (Scotland) Act 1984 or the provisions of the Mental Health Act (Northern Ireland) 1961; or
    - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
  - (g) upon a resolution that he shall cease to be a Board Member passed by a majority of the votes cast on a poll at a general meeting;
  - (h) if, whilst a Board Member of the Society and without the prior consent of his co-Board Members, he accepts the office of a director or the equivalent in any other organisation, company or body deemed by the Board of Directors to be in direct competition with the business of the Society;
    - (i) if he contravenes Rule 15.1 by knowingly or recklessly failing to declare an interest and the Board of Directors passes a resolution that he has vacated office;
    - (j) if any regulatory body directs that he is not a fit and proper person to be a Board Member of the Society; or
  - (k) if, while an Executive Board Member, he or she ceases for any reason to hold an executive office with the Society.
- 9.2 The Secretary shall give not less than 14 clear days' notice in writing to all Board Members of a meeting of the Board of Directors at which it is intended to move a resolution that a Board Member has vacated 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 Rule 41 shall be deemed to apply to any such notice.

**10. FILLING OF CASUAL VACANCIES**

- 10.1 In the case of any vacancy not occasioned by the retirement of any Board Member the Board of Directors may at any time, and from time to time, appoint a person as a Board Member to fill such vacancy. The Board of Directors may also appoint a Board Member retiring from office under Rule 9.1 (k) to fill a vacancy on the Board of Directors.
- 10.2 If and whenever the Board of Directors shall resolve to increase the number of persons constituting the Board of Directors within the limitation prescribed by Rule 7, the Board of Directors may appoint a person as an additional Board Member in order to fill any vacancy thereby created.
- 10.3 The Board of Directors shall appoint under this Rule only an individual who:
- (a) appears to it to be fit and proper to be a Board Member;
  - (b) is qualified under Rule 8.1 (as far as that Rule is applicable);
  - (c) is below the age of 70; and
  - (d) is not a person who, having been nominated for election as a Board Member at any election held within the preceding 12 months, was not elected as a Board Member.
- 10.4 A Board Member appointed under this Rule shall hold office until the conclusion of the annual general meeting next following such appointment or, if earlier, the expiration of the period of 16 months beginning with the date of his appointment.
- 10.5 A Board Member appointed under this Rule and retiring under Rule 10.4 shall be eligible for election without nomination, provided that he is qualified under Rule 8.1 at the date of the annual general meeting at which he shall be a retiring Board Member for the purposes of Rule 11.
- 10.6 Notwithstanding any vacancies on the Board of Directors, the remaining Board Members may continue to act. If at any time the number of Board Members falls below the minimum number as prescribed by Rule 7.2 the Board of Directors so constituted, although its members are insufficient to form a quorum, may act by a majority of its members for a maximum period of six months. In such circumstances the chairman shall not have a casting vote.

**11. RETIREMENT OF BOARD MEMBERS**

At each annual general meeting each Board Member shall retire from office and shall be eligible for re-election.

**12. APPOINTMENT OF CHAIRMAN**

- 12.1 At its first meeting after every annual general meeting the Board of Directors shall elect from among the Non-executive Board Members a chairman who shall, subject to Rule 12.3 below, hold office until the commencement of the first meeting of the Board of Directors held after the next annual general meeting unless either shall cease in the meantime to be a Non-executive Board Member or shall resign the office.
- 12.2 If the chairman so elected shall be absent from a meeting of the Board of Directors, the Board Members present at that meeting of the Board of Directors shall elect another Board Member to be chairman for the purposes of that meeting.
- 12.3 The Board of Directors may at any time remove the chairman from office.
- 12.4 The Board of Directors shall fill from its number any casual vacancy (whether or not arising from the exercise of its power under Rule 12.3) in the office of chairman and a chairman so elected shall, subject to Rule 12.3, hold office until the commencement of the first meeting of the Board of Directors held after the next annual general meeting unless in the meantime he shall cease to be a Non-executive Board Member or shall resign the office.

**13. REMUNERATION AND EXPENSES OF OFFICERS**

- 13.1 The annual remuneration of the Officers and Board Members (exclusive of any remuneration paid in respect of executive duties) shall be paid at a rate to be determined by the Board of Directors from time to time.
- 13.2 In addition to such remuneration any Officer may be paid such reasonable travelling, hotel and other expenses as he might incur while attending Society business with the approval of the Board of Directors. He may also, by resolution of the Board of Directors, be paid for professional or other work done by him on behalf of the Society in addition to his usual services as an Officer.

**14. OFFICES OF PROFIT**

- 14.1 A Board Member may hold any office or place of profit with the Society (other than the office of auditor or valuer) simultaneously with his office as Board Member and may be appointed by the Board of Directors to an office or place of profit with any body corporate in which the Society is, or will be, interested, on such terms as may be agreed from time to time between the Board of Directors and the Board Member.
- 14.2 A Board Member so appointed to an office or place of profit with a body corporate in accordance with Rule 14.1 above shall disclose to the Board of Directors any benefit he derives from any such office or place in the financial year in which it is received.
- 14.3 A Board Member, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Board Member is appointed to hold any office or place of profit with the Society or with any body corporate in which the Society is, or will be, interested or at which the terms of any such appointment are arranged. He may vote on any such appointment or arrangement of the terms of that appointment.

**15. INTEREST IN CONTRACTS**

- 15.1 Subject to a Board Member complying with the provisions for the time being of the Legislation that:
- (a) require him to declare to the Board of Directors any direct or indirect interests he might have, or be treated as having, in any contract to which the Society is a party;
  - (b) prohibit particular contracts;
  - (c) require a contract to be approved by a resolution of a general meeting; or
  - (d) require him to furnish to the Society particulars of any related business, he may enter into or be interested, whether directly or indirectly, in contracts with the Society and shall not be disqualified from office thereby, nor shall he be liable to account to the Society for any profit arising out of any such contract to which he is a party or in which he is interested by reason of his being at the same time a Board Member.
- 15.2 No Board Member may vote as a Board Member in regard to any contract, or proposal therefor, in which he is interested, whether directly or indirectly, or upon any matter arising out of it. If he shall so vote, his vote shall not be counted nor shall he be reckoned in estimating a quorum when any such contract, or proposal therefor is under consideration.
- 15.3 In this Rule the term "contract" includes any transaction or arrangement. For the avoidance of doubt, the word "interest" in this Rule does not include any interest a Board Member may have as a director of a Controlled Body or other associated body of the Society.

**16. APPOINTMENT OF OFFICERS, EMPLOYEES AND OTHERS**

- 16.1 The Society shall have a Chief Executive and a Secretary who shall be appointed and whose appointment may be terminated by the Board of Directors. The Chief Executive shall not hold the position of Chairman of the Society.
- 16.2 The same person may be appointed as both the Chief Executive and the Secretary.
- 16.3 The Chief Executive shall be responsible under the immediate authority of the Board of Directors for the conduct of the business of the Society. He shall, in addition, carry out such duties as may be delegated to him by the Board of Directors from time to time.
- 16.4 The Board of Directors shall take all reasonable steps to ensure that the person appointed as Chief Executive has the requisite knowledge and experience to discharge the functions of his office.
- 16.5 The Secretary, or in his absence a person nominated by the Board of Directors, shall attend all meetings of the Society and of the Board of Directors and he shall record the names of those present and the minutes of the proceedings.
- 16.6 Where a person becomes or ceases to be the Chief Executive or the Secretary, the Society shall within seven days give notice of that fact to the Financial Conduct Authority.

- 16.7 The Board of Directors may also appoint and, subject to the provisions of any contract or other instruments, terminate the appointment of (or delegate these appointment or termination powers to the Chief Executive) such employees, advisers, bankers and agents as the Board of Directors may at any time determine.
- 16.8 The powers and duties of Persons appointed under this Rule shall be those given them from time to time by the Board of Directors which may pay them such salaries, wages, commissions and bonuses, compensation for loss of office or of employment, fees and other remuneration as it may consider desirable.

**17. INDEMNITY TO BOARD MEMBERS, OFFICERS AND EMPLOYEES**

- 17.1 Every Board Member, every other officer and every employee of the Society shall be indemnified by the Society against any liability in respect of losses, costs, charges, damages and expenses which might arise from, or in the course of, his duties, but not against any such liability which, by virtue of any rule of law or of the Legislation, would attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Society. He shall, however, be indemnified against any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, arising out of his duties in relation to the Society in which judgment is given in his favour or in which he is acquitted.
- 17.2 The Society will take out a policy of insurance to cover any such indemnity or liability as mentioned in Rule 17.1 above.
- 17.3 Any Board Member may seek professional advice with regard to that person's rights, duties, responsibilities and liabilities as a Board Member, either with regard to a particular matter or generally and the reasonable costs of such professional advice shall be paid from the funds of the Society.

**18. ANNUAL GENERAL MEETING**

- 18.1 The Society shall hold an annual general meeting in each Financial Year at such hour, date and place as the Board of Directors shall determine and notice of the annual general meeting shall be sent to each member who would be eligible to vote at the annual general meeting.
- 18.2 Not more than 15 months shall elapse between the date of one annual general meeting and that of the next.
- 18.3 The Board of 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 lay before them a report by the Board of Directors on the business of the Society, which shall include the information required under the Legislation.
- 18.4 The report of the auditors on:
- (a) the Annual Accounts laid before the annual general meeting; and
  - (b) the Board Report,
- shall be laid before that meeting and shall be available for inspection by any member of the Society.
- 18.5 The Society shall supply free of charge to every member on demand a copy of the Annual Accounts for the last financial year, the Board of Directors's report for that year and the auditor's report on those accounts, and shall ensure that copies of such documents are also made available at every office of the Society.
- 18.6 No business shall be transacted at an annual general meeting, and no resolution shall be brought forward at any such meeting, except as may arise upon:
- (a) the Annual Accounts laid before the meeting;
  - (b) the Board Report submitted to the meeting;
  - (c) the report of the auditors on the documents listed in (a) and (b) above;
  - (d) the Remuneration Report;
  - (e) the election of Board Members;
  - (f) the appointment or re-appointment of auditors;
  - (g) a motion for a resolution contained in a members' notice received by the Society in accordance with Rule 18.7; and
  - (h) business (including a motion for a resolution, whether special or ordinary, or a motion to add to, alter or rescind any of the Rules) brought before the meeting by the Board of Directors.
- 18.7 If at least the requisite number of qualified members of the Society give notice to it in writing (whether in one or more documents) of their intention to have moved on their behalf at an annual general meeting of the Society a resolution which is specified in the notice the Board of Directors shall:
- (a) include in the notice of that meeting a notice specifying the intention of those members to have the resolution moved on their behalf at the meeting and, where applicable, the intention to move it as a Special Resolution; and

- (b) at the request of the qualified members intending to have the resolution moved on their behalf, include in the notice of that meeting a copy of any statement of not more than 100 words with respect to the matter referred to in the resolution and for the purposes of this paragraph:
  - (c) the "requisite number" is 40;
  - (d) a "qualified member" is one who has been a member of the Society for more than two consecutive years prior to the date of the notice, and is entitled to attend, speak and vote at a general meeting of the Society.
- 18.8 The Board of Directors shall be under no duty to include a motion for a resolution in the notice of the annual general meeting or to publish such a statement as is mentioned in Rule 18.7 (b) if:
- (a) written notice complying with and, if submitted, any statement given in accordance with the requirements of Rule 18.7, are given to or lodged with the Society later than the last day of the Financial Year preceding that in which the annual general meeting at which it is intended to move the resolution is to be held; or
  - (b) the resolution is in substantially the same terms as any resolution that has been defeated at a meeting during the three calendar years prior to the year in which the annual general meeting at which it is intended to move the resolution is to take place.

## **19. SPECIAL GENERAL MEETINGS**

- 19.1 All general meetings other than annual general meetings shall be called special general meetings.
- 19.2 The Board of Directors may, whenever it thinks fit, convene a special general meeting.
- 19.3 The Board of Directors shall convene a special general meeting on the requisition of not less than one hundred members qualified under Rule 19.5. The requisition shall state the objects of the meeting (which must however not include the election of a Board Member) and shall be signed by the requisitioners and deposited at the Registered Office of the Society, and may consist of several documents in like form each signed by one or more members. A deposit of £20 in respect of each requisitioner signing the requisition shall be lodged with the requisition at the Registered Office. If within half an hour after the time appointed for such meeting a quorum is not present, all such deposits shall be forfeited but if a quorum is present the members present and entitled to vote at the meeting shall decide whether the deposits shall be appropriated either wholly or in part towards the expenses of convening and holding the meeting, and to any extent to which the deposits are not so appropriated they shall be returned by the Society to the requisitioners equally.

- 19.4 If the Board of Directors does not within 28 days after the date of deposit of the sole requisition, or the date of deposit of the last requisition sufficient to comply with the requirements of Rule 19.3 proceed to dispatch 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 Board of Directors and notices thereof shall be sent by post to the persons entitled thereto in accordance with Rule 21. Any reasonable expenses incurred by the requisitioners by reason of the failure of the Board of Directors duly to convene a meeting shall be repaid to them by the Society. Any sum so repaid shall be recovered by the Society out of any sums owed or owing from the Society to the Board Members as were in default by way of fees or other remuneration in respect of their services or otherwise. The Board of Directors, or as the case may be, the requisitioners, shall give the members of the Society notice of any resolution which the requisitioners propose to move at the meeting at the same time and in the same manner as notice is given of the meeting.
- 19.5 A member shall be qualified under this Rule for the purposes of Rule 19.3 above if he has been a member of the Society for a continuous period of not less than two years prior to the date of the requisition.
- 19.6 No business shall be entertained at any special general meeting except such as shall be stated in the notice convening the meeting.
- 19.7 Except where the requisitioners themselves convene a special general meeting under Rule 19.4, special general meetings shall be held at such day, hour and place as the Board of Directors may determine.

## **20. NOTICE OF MEETINGS**

- 20.1 Not less than 28 days notice of the day, hour and place of every general meeting (whether an annual general meeting or special general meeting) shall be given in accordance with Rule 20.2. The annual general meeting shall be described as such in the notice of meeting.
- 20.2 Notice of a meeting shall be sent to every member who would be eligible to vote at the meeting if the meeting were held on the date of the notice.
- 20.3 The notice shall specify:
- (a) the nature of any resolution to be moved at the meeting and of the other business to be transacted thereat; and
  - (b) the full name of each candidate for the office of Board Member or auditor, unless the nomination has been made, or in the case of an auditor his nomination has been received, too late to be included in, or to accompany, the notice.

- 20.4 The notice shall state that:
- (a) a member entitled to attend and vote at a meeting may appoint one proxy to attend and, on a poll, vote at the meeting instead of him; and
  - (b) the proxy need not be a member of the Society; and
  - (c) the member may direct the proxy how to vote at the meeting.
- 20.5 The sending of a notice of a meeting to any person not entitled to receive it shall not entitle him to attend or vote at that meeting nor invalidate the proceedings at that meeting.
- 20.6 Notwithstanding the provisions of the Rules regarding notices to members, there shall be no requirement to send a notice to a member where the Board of Directors has reason to believe that a notice sent to the Registered Address will not come to the attention of the member.
- 20.7 Where a notice is required to be sent to a member who has appointed a power of attorney, a notice of a meeting shall be given to the holder of a power of attorney which has been duly registered in the Register of Members by sending the notice to the Registered Address of the holder of the power of attorney. No notice need be given to the member who gave the power.

**21. ENTITLEMENT OF MEMBERS TO ATTEND MEETINGS AND VOTE ON RESOLUTIONS**

- 21.1 The persons entitled to attend and speak at any general meeting of the Society shall be:
- (a) any person who is at the date of the meeting a member of the Society;
  - (b) any proxy, (subject to the following provisions of this Rule 21) or receiver or other person appointed as mentioned in, and subject to the provisions of Rule 21.4, acting on behalf of any such member;
  - (c) any person who is not a member of the Society but by whom or for whom benefits are being subscribed jointly by that person with a member.
- 21.2 Every member present or voting by proxy (and not disqualified by arrears or otherwise as mentioned in these Rules) shall have one vote, and when the votes are equal the then presiding officer shall have an additional or casting vote.
- 21.3 The holder of a power of attorney from a person who is a member and who is entitled to vote under Rule 21.2 above shall, if the power of attorney is duly registered at the Registered Office and if the power has the effect of authorising the holder to exercise the rights of the member under the Rules, be entitled to vote in all circumstances as if he were a member and in the member's stead but he shall not be entitled to appoint a proxy or an attorney.

- 21.4 A member who is entitled to vote under Rule 21.2 above, and in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, by his receiver, curator bonis or other representative in that behalf appointed by that court. Any such receiver, curator bonis or other representative may vote either on a show of hands or on a poll, and if on a poll, may vote by proxy. Evidence to the satisfaction of the Board of Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Registered Office not less than two 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.

## **22. PROCEDURES AT GENERAL MEETINGS**

- 22.1 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 and a quorum shall be constituted for all purposes by 20 members present or represented and entitled to vote. If no quorum shall be present within half an hour after the time appointed for the annual or special general meeting or at any time during such meeting, the chairman of the meeting shall adjourn the meeting to such day, hour and place as he shall direct unless it is a special general meeting requisitioned under Rule 19.3 in which case the chairman of the meeting shall dissolve it.
- 22.2 The chairman of the Board of Directors, shall preside at every meeting of the Society. If there is no such chairman present within 15 minutes after the time appointed for the holding of the meeting, or if the chairman is unwilling to act, the Board Members present shall elect one of their number to be chairman of the meeting. If at any meeting no Board Member is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled under Rule 21 to be included in the quorum for the meeting shall choose one of their number to be the chairman of the meeting.
- 22.3 The chairman of the meeting may notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place, but 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.
- 22.4 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.
- 22.5 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of the 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.
- 22.6 Subject to the Legislation and these Rules, every question submitted to a general meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands.

22.7 A poll may (before or on the declaration of the result of the show of hands) be demanded by:

- (a) the chairman of the meeting; or
- (b) 10 members who are entitled to vote at the meeting and are present in person or by proxy,

and in the event of such a demand shall be taken in accordance with Rule 22.8, but no poll shall be permitted upon a resolution to appoint a chairman. Unless a poll be so demanded, a declaration by the chairman that a resolution on a show of hands has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.

If a motion for a Special Resolution is to be put to the vote of the meeting or there is a contest for the office or appointment of Board Member or auditor, a poll shall be deemed to have been demanded by the chairman.

Except in the case of a motion for a Special Resolution or of a contest for the office or appointment of Board Member or auditor, the demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

22.8 If a poll is duly demanded, it shall be taken at the meeting at which it is demanded or, if the chairman so decides, at an adjourned meeting and in either case in such manner, subject to Rule 22.10, as the chairman directs, and the result of the poll shall, notwithstanding Rule 22.4, be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken.

The chairman may adjourn the meeting or adjourned meeting to some day, hour and place fixed by him for the purpose of declaring the result of the poll. A poll demanded on any question shall not prevent the continuance of a meeting for the transaction of any business other than that upon which the poll has been demanded.

22.9 Voting papers to be used on a poll shall be valid only if they are issued by the Society.

22.10 The Board of Directors may make regulations for the taking of polls, for the conduct of elections, for the counting of votes and for the safe keeping or destruction of forms of proxy and ballot papers, and may appoint scrutineers in relation to any meeting or any vote to be taken thereat.

22.11 In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is taken, shall be entitled to a second or casting vote.

### **23. APPOINTMENT OF PROXIES**

- 23.1 A member of the Society who is entitled to attend, speak and vote at a general meeting of the Society:
- (a) may appoint another person (whether a member of the Society 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.
- 23.2 If a member has appointed a proxy, he shall not be entitled to vote in person on a poll unless he has previously revoked the appointment of a proxy and has given written notice of such revocation to the Society either:
- (a) at the Registered Office before the date of the meeting in accordance with the proviso to Rule 23.8 (a) or
  - (b) in such manner as the Board of Directors may prescribe, at or before the meeting.
- 23.3 A proxy may either be appointed by an instrument in writing which shall be signed by the appointor, or may be appointed by electronic means.
- 23.4 The instrument appointing a proxy shall be deposited at the Registered Office of the Society or such other place as is described in the notice of meeting and appointments by electronic means may be sent to such electronic address as the Society may specify for the purpose not less than five clear days before the day appointed for holding the meeting, or adjourned meeting, and in default the appointment shall not be treated as valid.
- 23.5 The instrument appointing a proxy shall be in such form, including such explanatory notes, as the Board of Directors may from time to time determine and contain the declarations required by the Act and be signed by the member.
- 23.6 The Board of Directors may make regulations (subject always to the provisions of the Legislation and the Rules) for the provision and return of proxy appointments.
- 23.7 A proxy appointment shall be deemed to confer the authority to attend, speak, vote and demand or join in demanding a poll.
- 23.8 A vote given at a meeting in accordance with the terms of a proxy appointment shall be valid notwithstanding:
- (a) the previous death or incapacity of the appointor, or revocation of the proxy or of the authority under which the proxy was executed, provided that no notice in writing of any such event as aforesaid had been received by the Society at the Registered Office before the date of the meeting or as provided in Rule 23.2; or
  - (b) that since the last date specified for the delivery of proxy appointments the appointor has ceased to be entitled to attend and vote at the meeting.

- 23.9 The Board of Directors may from time to time prescribe:
- (a) the method of determining the time at which any appointment of proxy or revocation sent by means of electronic communication is to be treated as received by the Society; and
  - (b) the procedure for the conduct of an electronic appointment of proxy including, but not limited to, the methods of establishing the authenticity and integrity of the completed electronic appointment of proxy.
- 23.10 If two or more valid proxy appointments are received (whether at the Society's Registered Office address, such other address as is described in the notice of the meeting or by electronic means) in respect of the same member for use at the same meeting, the one which is last received or treated as last received in accordance with the method of determining the time of receipt (regardless of the date on which it is signed) shall be treated as replacing and revoking the others. If two or more valid but differing proxy appointments are received in respect of the same member for use at the same meeting and the Society is unable to determine which was last received, none of them shall be treated as valid in respect of that meeting.

#### **24. POSTAL BALLOTS**

- 24.1 In an election of the Board of Directors or, where applicable, on any resolution (whether special or not), the vote may be conducted wholly or partially by postal ballot.
- 24.2 Notice of a postal ballot shall be given not less than 14 nor more than 56 days before the Voting Date.
- 24.3 Notice of a postal ballot shall be given to every member of the Society who would be entitled to vote in the election or on the resolution if the Voting Date for the election or the resolution fell on the date of the notice.
- 24.4 Notice of a postal ballot shall:
- (a) contain such other notices relating to the election or resolution; and
  - (b) be accompanied by such other documents,
- as would be required to be given or sent to a member in connection with the election or resolution had it been intended to hold the election or vote on the resolution at a meeting instead of by postal ballot with the exception, however, of any notice relating to voting by proxy at a meeting.

**25. FUNDS, RESERVES, PENSION AND OTHER SCHEMES**

- 25.1 The Board of Directors shall maintain such Funds or Sub-funds as the Legislation shall require or, in the absence of such requirement, as the Actuarial Function Holder or the With-Profits Actuary shall from time to time advise.
- 25.2 The Society may maintain a benevolent fund for the purpose of granting assistance to sick and other members known to be suffering financial hardship.
- 25.3 The Board of 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 and schemes (whether contributory or not) for the benefit of past, present or future officers and employees of the Society and of any society with which the Society may merge in the future and their spouses, children and dependants.
- 25.4 In addition to the powers aforesaid the Board of Directors may grant on such terms as it thinks fit other pensions, allowances, gratuities, donations and bonuses to or for the benefit of past or present officers and employees of the Society and of any society with which the Society may merge in the future and their spouses, children and dependants.
- 25.5 The Board of Directors may make, vary and revoke the rules of any such fund or scheme as is mentioned in Rule 25.3 (to such extent as this power is not thereby prohibited, or is found permissible) and may constitute any trust and may from time to time at its discretion exercise any powers which may be 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 which may be or have been made pursuant thereto.

**26. CONDUCT OF BUSINESS**

- 26.1 Notwithstanding any other provision of these Rules, it shall be the duty of the Board of Directors to ensure that all business of the Society is conducted in compliance with the Legislation and the Board of Directors may take such action as it believes in good faith to be necessary in relation to all of the business of the Society to comply with Principles 2 and 3 of the Financial Conduct Authority's Principles for Business, or such other Legislation that may be in force from time to time.

**27. ACTUARIES AND VALUATIONS**

- 27.1 The Society shall have an Actuarial Function Holder and a With-Profits Actuary each of whom shall be appointed and whose appointment may be terminated by the Board of Directors. The Board of Directors shall notify the Financial Conduct Authority of all appointments and changes in the Actuarial Function Holder or the With-Profits Actuary.
- 27.2 The Board of Directors shall arrange for the Actuarial Function Holder and the With Profits Actuary to conduct an investigation and report accordingly into the financial condition of the Society in respect of its long-term business, in accordance with the Legislation.

## **28. APPLICATION OF FUNDS**

- 28.1 All monies received on account of premiums in accordance with the Rules, donations or otherwise, shall be applied in carrying out the purposes of the Society in accordance with the Rules.
- 28.2 Both monies received and interest on investments shall be credited to the appropriate funds.
- 28.3 Save as authorised by section 16 of the Act, any transfer of assets between the Society and any subsidiary shall be at arms length and for a proper market value consideration and there shall be a proper apportionment of all items of money and expenses between the Society and its Controlled Bodies.

## **29. INVESTMENT OF FUNDS**

- 29.1 So much of the funds of the Society, as may not be wanted either for immediate use, or to meet the usual accruing liabilities, shall with the consent of the Board of Directors having regard where appropriate to the advice of the Actuarial Function Holder and the With-Profits Actuary, be invested by the Society in any of the following ways, namely:
- (a) in the purchase of land, or in the erection or alteration of offices or other buildings thereon;
  - (b) in any investment in which trustees are for the time being by law authorised to invest trust funds; or
  - (c) at any time during which the Society falls within section 14 (3) of the Act or is treated as so falling for the purposes of section 14 (2) of the Act, in the purchase of, or at interest upon, any property of whatsoever nature and wheresoever situate and whether producing income or not and whether involving liabilities or not and upon such security (including the making of loans secured on any policies issued by the Society) if any as the Board of Directors shall from time to time think fit.
- 29.2 Without prejudice to the power of the Society to invest its funds in land and buildings, the Society may acquire and hold premises:
- (a) for the purpose of carrying on any of its activities; or
  - (b) for the purpose of enabling a Controlled Body of the Society, to conduct its business, and may dispose of any premises held.

## **30. BORROWING**

The Society may borrow money with or without security on such terms as to interest repayment and otherwise as the Board of Directors may in its absolute discretion think fit, and use it for any of the purposes or activities of the Society or its subsidiaries and no one from whom the Society borrows money in purported exercise of this power shall be concerned to see that the money is wanted or that no more than is wanted is raised, or be concerned in any other way as to the propriety of the transaction or the application of the money.

**31. ACCOUNTS AND SYSTEMS OF CONTROL**

- 31.1 The Board of Directors shall cause accounting and valuation records of the Society to be kept, and shall establish and maintain systems of control of its business and records and of inspection and report, in accordance with the Legislation.
- 31.2 The Board of Directors shall cause to be maintained separate accounts for, and which identify the separate assets of any Controlled Body.
- 31.3 The Board of Directors shall in each financial year, not later than 30 June or 14 days before the annual general meeting, whichever is earlier, send two copies to the Financial Conduct Authority of the Annual Accounts for the last Financial Year, the Board's Report for that year and the auditors' report on those accounts.
- 31.4 The Secretary shall supply free of charge to every member on demand a copy of the Annual Accounts for the last Financial Year, the Board's Report for that year and the auditors' report on those accounts, and he shall ensure that copies of such documents are also made available at every office of the Society.

**32. INSPECTION OF RECORDS**

The Board of Directors shall make available for inspection by any member or person having an interest in the funds of the Society the records of the Society relating to that member or person at all reasonable hours, at the Registered Office of the Society, or at any other place where the records are kept. It shall be the duty of the Secretary to produce the same accordingly, but such member or person shall not, unless he is an officer of the Society, or is specially authorised by a resolution of the Society to do so, have access to personal information (other than information contained in the membership list) in respect of any other member.

**33. AUDITORS**

- 33.1 At each annual general meeting the Society shall appoint a qualified auditor to audit its annual accounts. An individual, firm or company may be appointed as auditor. The Society shall, within one week of the date of the meeting, notify the Financial Conduct Authority if no auditor has been appointed or re-appointed.
- 33.2 For the purpose of this Rule a qualified auditor is one who is a member of any of the supervisory bodies recognised under the Companies Act 2006 and is not ineligible for appointment under the rules of that body. None of the following shall be appointed as auditor of the Society:
- (a) an officer or employee of the Society;
  - (b) a partner or an employee of such a person or a partnership of which such a person is a partner; or
  - (c) a person who has, or whose associates have, connections with the Society or any of its Controlled Bodies.

- 33.3 The Board of Directors may appoint an auditor to fill any casual vacancy occurring between general meetings of the Society.
- 33.4 The remuneration, including any sums in respect of expenses, to be paid to the auditor shall be fixed by the Society in general meeting or in such manner as the Society in general meeting shall determine unless the auditor is appointed by the Board of Directors pursuant to Rule 33.3 above or by the Financial Conduct Authority, in which case the remuneration, including any sums in respect of expenses, to be paid to the auditor shall be fixed by the Board of Directors.
- 33.5 The Society may by ordinary resolution in general meeting remove an auditor before expiration of his term of office, and notice of such resolution shall be sent within 14 days by the Secretary to the Financial Conduct Authority. A resolution at an annual general meeting or a special general meeting of the Society:
- (a) removing an auditor before the expiration of his term of office; or
  - (b) appointing another person as auditor in place of a retiring auditor,
- shall not be effective unless notice of the intention to move has been given to the Secretary not less than 28 days before the meeting at which it is to be moved. On receipt of notice of intention to move any such resolution, the Secretary shall give notice of the resolution to the members and to the person proposed to be removed, or as the case may be, to the person to be appointed and to the retiring auditor. The Secretary shall, unless on application the court directs otherwise, also inform the members of any representations made by the person proposed to be removed, or as the case may be, the retiring auditor, and shall make copies of the representations available at the meeting at which the resolution is to be moved.
- 33.6 Where the Society receives from an auditor a written notice of his resignation of office, the Secretary shall, within 14 days, send a copy of that notice to the Financial Conduct Authority.
- 33.7 Where the Society receives from an auditor, on cessation of his office, a statement of any circumstances which he considers should be brought to the attention of the members and creditors of the Society, the Secretary shall, unless on application the court directs otherwise, send a copy of such statement to the members.
- 33.8 Where the auditor, with a notice referred to in Rule 33.6 above, requisitions the convening of a special general meeting of the Society for the purpose of considering an explanation of the circumstances connected with his resignation, the Secretary shall, within 21 days convene such a general meeting for a day not more than 28 days after the date on which notice of the meeting is given and the Society will, unless on application the Court directs otherwise, comply with the requirements set out in paragraph 13 of Schedule 14 to the Act.

### **34. COMPLAINTS**

- 34.1 Without prejudice to the provisions of Rule 35 the Board of Directors:
- (a) shall establish internal procedures for the resolution of complaints by members of the Society;
  - (b) may make, join with any other persons in making, or accede to a scheme or schemes for the investigation and settlement by an adjudicator of complaints, but a member shall not thereby be prevented from referring any dispute to arbitration under Rule 35 nor shall the determination of a complaint under this Rule prevent a member from referring any dispute to arbitration under Rule 35.
- 34.2 The Secretary shall give a copy of the Society's internal complaints procedure referred to in Rule 34.1 (a) free of charge, on demand to any member of the Society to whom a copy of the document has not previously been given.

### **35. DISPUTES**

- 35.1 If any dispute shall arise between a member or person claiming through a member or under the Rules, or any person aggrieved who has ceased to be a member, or any person claiming through such aggrieved person, and the Society, or any officer of the Society, it shall be decided by a single arbitrator who shall be appointed by agreement between the parties to the dispute or, if they cannot agree, by the President for the time being of the Law Society or, where both parties to the dispute so consent, by reference to the county court.
- 35.2 Nothing in this Rule 35 shall prevent any person from having their claim dealt with under the Financial Ombudsman Scheme before, or instead of, arbitration.
- 35.3 In this Rule the expression "dispute" includes any dispute arising on the question whether a member or person aggrieved is entitled to be or to continue to be a member or to be reinstated as a member but, save as aforesaid, in the case of a person who has ceased to be a member, does not include:
- (a) any dispute other than a dispute on a question which arose whilst he was a member or arises out of his previous relation as a member to the Society; and
  - (b) a dispute which has arisen as a result of and incidentally to a dispute between a member, or person aggrieved who has ceased to be a member and a person claiming through him or under the Rules of the Society.

**36. VOLUNTARY DISSOLUTION**

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

**37. DISTRIBUTION OF SURPLUS ASSETS ON WINDING-UP OR DISSOLUTION**

Upon the winding up of the Society, or upon its being dissolved by consent, any surplus remaining after payment in full of the Society's creditors shall be divided among the members at the date of commencement of the dissolution, or winding up, in the same proportion as that Member's financial interest in the Society bears to the total assets of the Society, having regard to the advice of the Actuarial Function Holder and the With-Profits Actuary.

### **38. COMMON SEAL**

The Society shall have a Common Seal which shall be:

- (a) in a form determined by the Board of Directors and bearing the name of the Society;
- (b) kept at the Registered Office, unless otherwise determined by the Board of Directors; and
- (c) used and affixed to any document and such document shall be countersigned by two Board Members or by a Board Member and the Secretary.

### **39. COPIES OF THE MEMORANDUM AND RULES**

The Secretary shall give a copy of the Memorandum and the Rules:

- (a) free of charge, on demand to any member of the Society to whom a copy of the documents has not previously been given; and
- (b) to any other person on demand and payment of the sum of £1 or such other maximum sum as may be permitted under the Legislation from time to time, or such lesser sum as may be determined from time to time by the Board of Directors.

### **40. ALTERATION TO MEMORANDUM AND RULES**

- 40.1 No alteration of the Society's Memorandum or Rules shall take effect until it is registered or until such later date as is specified in the record of alteration.
- 40.2 Subject to Rule 40.1 and Rule 40.3 (and subject also to paragraph 4 of the Schedule in respect of additions to, and rescissions and variations of, the Schedule), the majority of the members entitled to vote at a general meeting of which notice has been given specifying the intention to propose an alteration to the Memorandum or Rules may alter them by adding, rescinding or varying any provision.
- 40.3 Copies of a record of every alteration of the Society's Memorandum or Rules shall be sent to the Financial Conduct Authority within three months of the date when the alteration was made.
- 40.4 The Society may change its name by a resolution of the Society in general meeting after the giving of such notice as is required for a Special Resolution. Notice of the change shall be sent to the Financial Conduct Authority in the directed form within three months.
- 40.5 The Society may change its Registered Office by resolution of the Board of Directors. Notice of the change shall be sent to the Financial Conduct Authority in the directed form within three months.

**41. NOTICES**

Summonses and notices shall be deemed to have been duly served if addressed to the member or person for whom they are intended at his last known postal address and delivered at or sent by post to that address. Where a member has agreed to receive summonses and notices from the Society by electronic means (and not revoked that agreement) or notified the Society of an electronic address, notices and summonses shall be deemed to have been duly served when communicated by electronic means or sent to that electronic address.

**42. TRANSFER OF ENGAGEMENTS**

The Board of Directors may accept transfers of engagements from any society, institution or other body (whether corporate or otherwise) permitted by law from time to time on such terms and conditions as it may at its sole discretion decide.

**43. APPLICABLE LAW**

Unless a member and the Society agree otherwise in writing, all arrangements between a member and the Society, whether evidenced by a contract, Policy, or otherwise, shall be governed by and construed in accordance with the laws of England and Wales for the time being in force.

**44. FINANCIAL SERVICES COMPENSATION SCHEME**

In addition to being subject to the Financial Services Compensation Scheme, the Board of Directors may subscribe in the name of the Society to any scheme made under arrangements entered into between the Society and other friendly societies for the purpose of making funds available to meet losses incurred by any society which is a party to the arrangements or by the members of any such society by virtue of their membership of it and shall, in the event of such subscription being made:

- (a) bind the assets of the Society to pay out of such fund or funds of the Society as the Board of Directors shall determine any sums required by the rules of the scheme;
- (b) nominate from time to time a person to represent the Society as a member of any company or association formed to administer such scheme;
- (c) indemnify out of the fund or funds of the Society as aforesaid such nominee against any expenses or subscriptions of such membership; and
- (d) comply with any other duties or obligations of membership of such scheme.

This Schedule forms part of the Rules of British Friendly Society Limited

**1. PREMIUMS AND BENEFITS**

- 1.1 The Premiums and benefits for which Holloway Members may currently subscribe and the terms and conditions relating thereto shall be those which are contained or referred to in the Holloway Tables for members who hold policies subject to the Holloway Tables or the Century Tables for members who hold policies subject to the Century Tables.
- 1.2 A Holloway Member shall notify the Society without delay of any claim or right of action against any party arising out of any circumstances which give rise to the payment of any Holloway Benefits by the Society, and shall take all steps which the Society may reasonably require to include all such payments in any claim upon the other party and shall reimburse the Society with all such sums recovered in respect of such Holloway Benefits.
- 1.3 Any Holloway Member may, with the consent of the Board of Directors, continue payment of Premiums as a Commuted Holloway Member from the first day of the month following that in which he attains the age of 60 and there shall be added annually to the amount standing to his credit in the books of the Society, in addition to any apportionment to which he may become entitled in accordance with Part E of the Holloway Tables, the sum of 12p per Unit per annum or such other sum as the Board of Directors may decide, being not less than 12p per Unit per annum in commutation or lieu of sickness benefit. The Premium of each Holloway Member who avails himself of this provision shall be that which is payable in accordance with Part J of the Holloway Tables for Holloway Members under the age of 31 on the Holloway Basic Scheme (Day One) or Part L of the Century Tables for Holloway Members over the age of 60 on the Century Plan. At the discretion of the Board of Directors, partial withdrawal is allowed in cases of distress, a full calendar month's notice must be given in writing, should he wish to withdraw the whole of his funds, which become payable without penalty and which attract the same interest rate as that enjoyed by ordinary Holloway Members under the terms of Part E of the Holloway Tables for members who hold policies subject to the Holloway Tables or Part F of the Century Tables for members who hold policies subject to the Century Tables.
- 1.4 Holloway Members under the age of five years and not entitled to claim Sick Pay shall be treated as Commuted Holloway Members in accordance with paragraph 1.3 and will receive the additional apportionment at whatever rate is declared for Commuted Holloway Members. On attaining their fifth birthday they will become full Holloway Members and entitled to claim Sick Pay and to receive the apportionment as agreed by the Board of Directors.

**2. MORTGAGES**

The Society may advance funds for a mortgage in accordance with the policy as laid down from time to time by the Board of Directors.

**3. BALANCING CLAUSE**

In the event of the income of the Society from all sources being insufficient to meet the demands for Sick Pay, in consequence of the prevalence of any epidemic, or from any other cause, the proportion of the surplus funds placed to the credit of the then Holloway Members but not Commuted Holloway Members at the two previous divisions under Part E of the Holloway Tables or Part F of the Century Tables shall be liable to make good the deficiency by contributing pro rata thereto.

**4. ALTERATION TO THIS SCHEDULE AND THE HOLLOWAY TABLES**

- 4.1 The majority of the Holloway Members who hold policies subject to the Holloway Tables and who are entitled to vote at a general meeting of which notice has been given specifying the intention to propose an alteration to any provision of this Schedule which affects the rights or policy benefits of Holloway Members to hold policies according to the Holloway Tables or to the Holloway Tables may alter them by adding, rescinding or varying any provision.
- 4.2 The majority of the Holloway Members who hold policies subject to the Century Tables and who are entitled to vote at a general meeting of which notice has been given specifying the intention to propose an alteration to any provision of this Schedule which affects the rights or policy benefits of Holloway Members to hold policies according to the Century Tables or to the Century Tables may alter them by adding, rescinding or varying any provision.
- 4.3 Subject to paragraphs 4.1 and 4.2, the majority of Holloway Members entitled to vote at a general meeting of which notice has been given specifying the intention to propose an alteration to this Schedule may alter it by adding, rescinding or varying any provision.
- 4.4 Subject to paragraphs 4.5 and 4.6 (and subject to Rule 40 in respect of additions to, and variations and rescissions of, this Schedule) and notwithstanding paragraph 4.1, 4.2, or 4.3, the Board of Directors may alter this Schedule to the Rules or the Holloway Tables or the Century Tables by adding, varying or rescinding any provision.
- 4.5 Where this Schedule or the Holloway Tables or the Century Tables are altered in accordance with paragraph 4.4, a resolution to approve the alteration shall be put to the next general meeting.
- 4.6 Where this Schedule or the Holloway Tables or the Century Tables are altered in accordance with paragraph 4.4, and a resolution to approve the alteration is not passed at a general meeting specified in paragraph 4.5:
- (a) the alteration shall cease to be acted on from the conclusion of that meeting; and
  - (b) the relevant provision as it existed prior to the alteration shall be taken to be a further alteration and shall take effect, subject always, in the case of alterations to this Schedule, to compliance with Rule 40.1.

The failure to pass such a resolution shall not invalidate any act or policy of the Society affected under the altered rule (as the case may be) prior to that general meeting.

Signature of the person who applied for registration

M S Harding  
Secretary  
Registered Number 392F  
Date: 30 July 2012

Notes

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**British Friendly Society Limited**

Registered Office:

45 Bromham Road, Bedford MK40 2AA

Telephone:

**01234 358344**

Fax:

**01234 327879**

Email:

**enquiries@britishfriendly.com**

Web:

**britishfriendly.com**

Facebook:

**British-Friendly**

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