

**REGISTERED NO. 2574R(S)**

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**INDUSTRIAL AND PROVIDENT  
SOCIETIES ACT 1965**

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**RULES OF  
EKOPIA RESOURCE EXCHANGE  
LIMITED**

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**INTERPRETATION..... 15**

Model Rules for a  
Fair Trade Organisation  
(incorporated under the  
Industrial and Provident Societies Act 1965)

**NAME**

1. The NAME of the society shall be Ekopia Resource Exchange Limited.

**OFFICE**

2. The REGISTERED OFFICE shall be at The Park, Findhorn Bay, Moray, Scotland, IV36 3TZ or such other place as the directors may from time to time determine.

**OBJECTS**

3. The OBJECT of the society shall be to carry on for the benefit of the community the promotion of rural regeneration and sustainable economies. This shall be achieved by:-
  - (1) The provision of financial assistance, technical assistance, business advice or consultancy;
  - (2) Supporting businesses and organisations that promote organic production, fair trade, and ecological and holistic practices;
  - (3) The provision and support of housing particularly on rural land, especially affordable housing;
  - (4) The acquisition and retention of land on trust for the benefit of the community;
  - (5) Supporting schemes designed to provide energy from renewable sources;
  - (6) Promoting educational programmes that support this OBJECT;

- (7) Supporting organisations that seek to promote this OBJECT elsewhere in Scotland and the rest of the United Kingdom;
- (8) Providing expertise regarding the OBJECT to developing countries; and
- (9) Undertaking such other activities to support the objects as the directors shall think fit.

#### **BUSINESS PRINCIPLES**

3A. The Society will apply the following principles in the pursuit of its objects:

- (1) It will conduct its business with integrity.
- (2) It will conduct its business with due skill, care and diligence.
- (3) It will take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- (4) It will maintain adequate financial resources.
- (5) It will pay due regard to the interests of its customers and treat them fairly.

#### **POWERS**

4. The society shall have POWER to do all things necessary or expedient for the fulfilment of its object, including without limitation:

- (1) to INVEST funds of the society by the authority of the directors in accordance with the Act or by the authority of the directors in any investments permitted to a trustee pursuant to the Trustee Act 2000, or in stocks and shares of any body corporate;
- (2) to INVEST the funds of the society in shares or on security of any society registered under the Act or in any freehold, feuhold or leasehold property whatever and the Board shall power to develop, redevelop, build upon,

manage, sell, exchange, partition, mortgage, insure, lease, improve, protect and generally deal with such property as the Board shall think fit;

- (3) to BORROW, by way of issuance of bonds or otherwise, and to guarantee or become liable for the payment of money, or for the performance of any obligation, and to secure such payment or performance in any manner including by the mortgage or charge of any of its property or assets, upon terms and conditions determined from time to time by the directors, provided that:
  - (a) the society shall not carry on a deposit-taking business within the meaning of the Banking Act;
  - (b) the amount of money borrowed and for the time being remaining undischarged shall not exceed £10,000,000; and
  - (c) the interest payable on borrowings, other than from institutions authorised under the Banking Acts and by way of secured loan, shall not exceed the minimum rate of interest necessary to obtain and retain borrowings required to carry out the object of the society.
- (4) To PROVIDE financial assistance including by way of secured or unsecured loan or guarantee, subscription for share capital, support and advice) to organisations and persons engaged in activities that further the objects of the society.

#### **FINANCIAL PROMOTIONS**

- (5) The Society shall not communicate any inducement or invitation to purchase withdrawable share capital or any other instrument which the Society may issue from time to time without taking advice from a suitably qualified person.

## **APPLICATION OF PROFITS**

5. The net profits and property of the society shall be applied solely towards the promotion of its object and no portion shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit to members of the society, except:
  - (1) in paying interest on the share capital at such rate as may be determined by the directors from time to time, but not exceeding the minimum rate necessary to obtain and retain the capital required to carry out the object of the society;
  - (2) in setting aside to a reserve fund such amount if any as the directors may determine which shall be applied in meeting any contingency affecting the business of the society as the directors may recommend and as a general meeting may by ordinary resolution determine;
  - (3) in making such payments in support of the co-operative and common ownership movements and for educational and charitable purposes as the directors may recommend and a general meeting determine.

Any profits not required for application as aforesaid shall be carried forward.

Nothing herein shall prevent any payment in good faith by the society:

- (a) of reasonable and proper remuneration and reimbursement of expenses to any member, officer or servant of the society for any services rendered to the society;
  - (b) of interest on money lent by any member of the society or director in accordance with these rules;
  - (c) of reasonable and proper rent for premises demised or let to the society by any member of the society or director.
6. The society may by special resolution passed in the manner prescribed by the Act, AMALGAMATE with or TRANSFER ITS ENGAGEMENTS to any other society

or company or CONVERT itself into a company under the Companies Acts provided that:

- (a) the objects of such society or company are similar to or compatible with the object of the society, or
- (b) after provision for the satisfaction of all its debts and liabilities and the repayment of the share capital (together with any interest due thereon), the value of the remaining property of the society has been transferred to some other institution or institution having objects similar to or compatible with the objects of the society.

7. The society may be DISSOLVED:

- (a) by winding up in manner provided by the Act; or
- (b) by an instrument of dissolution signed by three-quarters of the members for the time being in accordance with the Act;

provided that after the satisfaction of all its debts and liabilities and the repayment of the share capital together with any interest due thereon, the remaining property of the society shall not be distributed amongst the members of the society, but shall be transferred to some other institution or institutions having objects similar to or compatible with the objects of the society.

#### **MEMBERSHIP**

8. The members of the society shall be the persons whose names are entered in the register of members. The directors may in their discretion admit to membership any individual persons over the age of sixteen years.

#### **MEMBER IDENTIFICATION**

8A. The Society will take reasonable steps to verify the identification of members. The Society will retain a copy of all documents seen to verify the identity of a member.

9. No member other than a registered society shall have an interest in the shares of the society exceeding such amount as may be prescribed by the Act ('the maximum shareholding').
10. The minimum shareholding shall be defined as such number of fully paid shares as the Board of Directors may determine subject to the Act, or failing such determination, one share.
11. An application for membership shall be in such form as the directors may prescribe and shall contain an application for at least the minimum shareholding. Upon the directors approving an application for membership the applicant shall for the purpose of the rules be deemed to be a member and the number of shares applied for shall be issued to the applicant whose name shall be entered forthwith in the register.
12. A member shall cease to be a member upon ceasing to hold any shares or in the case of a body corporate on ceasing to be a body corporate or upon expulsion under the following rule.
13. Members may be expelled forthwith by resolution of a general meeting for conduct deemed detrimental to the society, provided that notice of the conduct alleged against them is given to them at least one calendar month before the meeting at which the resolution is to be considered and they are given an opportunity thereat to answer such allegations.
14. No person who has been expelled from membership shall be re-admitted except by resolution of a general meeting.
15. Any persons who have been expelled from membership shall be paid the full sum paid or credited on any shares in the society held by them at the date of the resolution for their expulsion and their shares shall be cancelled, provided that any amount due but not paid shall not be a debt against the society.

## SHARE CAPITAL

16. (1) The shares in the society shall be of the nominal value of £1.00 and shall be withdrawable only and not transferable except on death or bankruptcy.
- (2) Members may agree with the society to designate their shareholding or a proportionate part of it for particular purposes (such as a self-employment loan fund, an affordable housing fund or an energy savers' fund) as the directors shall from time to time propose, and to accept a risk or return, subject to rule 5(1), in relation to such fund as may be agreed between the member and the society.
17. Shares shall be paid for in full on allotment, provided that each member may hold one share partly paid in addition to the minimum shareholding.
18. The directors shall allot to members upon their admission the shares for which they have applied, and subject to the Act, shall allot from time to time any share or shares subsequently applied for, and may determine to credit interest on share capital by the allotment of further shares.
19. If the auditors or any independent qualified accountants appointed for the purpose by the directors certify at any time that the aggregate of the society's liabilities and the amount of its issued share capital exceeds its assets then (unless in the meantime the excess has been removed) the directors may determine that the amount of the excess or any part of it shall be apportioned among the members in proportion to but not beyond the amount of the nominal value of the shares paid up and held by each member at the close of business on the date of such determination and the appropriate number of shares held by each member shall be cancelled accordingly notwithstanding that the number of shares held by any member may thereby be reduced below the minimum shareholding.
20. Shares may be withdrawn by members upon giving six months' notice to the society provided that:

- (a) all withdrawals shall be paid in the order in which the notices were received by the society;
- (b) except where a member withdraws from the society as provided for by the following rule members shall not be entitled to withdraw shares so as to leave them with less than the minimum shareholding;
- (c) the directors may waive the notice required for a withdrawal and any direct payment to be made without notice or on such shorter notice as they consider fit;
- (d) the right to withdraw may by resolution of the directors be suspended either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the resolution suspending the right to withdraw is passed by the directors. Where the suspension is for a fixed period such period may be extended from time to time by a resolution of the directors;
- (e) during any period when the right of withdrawal has been suspended under clause (d), the shares of deceased members may, if the directors so determine, be withdrawn by their personal representatives upon giving such notice as the directors may require;
- (f) the amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn;
- (g) interest shall be payable on any share in respect of which a notice of withdrawal has been given until the date of repayment;

and any share withdrawn in accordance with this rule shall be cancelled.

21. Members may withdraw from the society by withdrawing all their shares in the society in accordance with the preceding rule or, if the right to withdraw has been suspended as provided for in that rule, by surrendering all their shares to the society.

Upon such surrender the directors may in their discretion pay to the withdrawing member the amount paid up or credited in the shares surrendered.

### **TRANSFERS ON DEATH OR BANKRUPTCY OF MEMBERS**

22. Members may nominate any person or persons to whom any of their property in the society at the time of their death shall be transferred. On receiving satisfactory proof of death of a member who has made a nomination the directors shall if and to the extent that the nomination is valid under the Act either transfer or pay in accordance with the Act the full value of the property comprised in the nomination to the person entitled thereunder.
23. Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the society belonging to the deceased or bankrupt member the directors shall transfer or pay such property to which the claimant has become entitled as the claimant may direct them.

### **GENERAL MEETINGS**

24. In addition to any other meetings in that year, the society shall within the first seven months of each financial year hold an annual general meeting at a time and place determined by the directors, of which the business shall include the laying before the members by the directors of a revenue account and balance sheet for the preceding financial year, the election of directors, and the appointment of auditors.
25. Meetings may be called by the directors and, on the direction of the Council or upon the written requisition of 50 or one tenth of all the members, stating the purpose of the meeting, the secretary shall call a meeting to take place within 8 weeks of receipt of such direction or requisition. At least 21 clear days notice in writing of every general meeting shall be given to all the members and to the auditors. No business shall be transacted at a meeting except as specified in the notice, which shall include the names of any candidates for election as directors and may include any business (including a motion for a resolution) proposed by the directors or the Council.

26. No business shall be transacted at any meeting unless at least three members entitled to vote are present or represented. The chair shall be appointed by the directors present from among their number, or in the absence of all directors by the members present or represented.
27. Every member present at a general meeting shall have one vote. A poll may be demanded by the chair or by any three members present.
28. The directors may determine to submit a resolution for decision by postal ballot, other than any resolution required by statute to be passed at a meeting of the society, or resolutions for the appointment or reappointment of auditors or for the removal of auditors before the expiration of their term of office.

The directors may determine within one month after a resolution has been considered at a meeting to submit it for decision by postal ballot. If the resolution was passed at the meeting its operation shall be suspended until the decision of the postal ballot.

#### **THE COUNCIL**

29. A Council may be appointed consisting of not less than 5 members of the society who are not directors or officers.

The Council may require the directors to give a report to a meeting of the Council on the progress of the society's business and to answer questions on any aspect of the society's business other than matters confidential to particular persons. The directors shall take due account of but not be bound by the views of the Council.

The provisions of these rules governing the appointment and removal (including Rule 30A), expenses and proceedings of directors shall apply to the members of Council *mutatis mutandis*.

#### **DIRECTORS**

30. Not less than three members who are willing to act shall be appointed as directors. At least one-third (or the number nearest one-third) of the directors shall retire at each

Annual General Meeting, those longest in office to retire first, and the choice between any of equal service being made by drawing lots. Any director may be removed from office by a general meeting. The directors may appoint any person as a director, to fill a vacancy or as an additional director.

### **FIT AND PROPER**

- 30A. No person shall be appointed without the consent of any relevant court or the Financial Services Authority (as may be required by law) as a director or to the Council of the Society, or be the Chief Executive or the Secretary of the Society who:
- (1) Has been made bankrupt;
  - (2) Is subject to a disqualification order under the Company Directors Disqualification Act 1986;
  - (3) Has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974;
  - (4) Is prohibited by the Financial Services Authority from undertaking a controlled function (as specified in *SUP 10.4.5R* of the FSA Handbook).
31. The directors shall be entitled to such remuneration as the society may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

### **POWERS OF DIRECTORS**

32. Subject to any directions given by resolution of a general meeting, the business of the society shall be managed by the directors who may exercise all the powers of the society which are not by statute nor by these rules nor by resolution of a general meeting conferred solely upon a general meeting.
33. The directors may delegate any of their powers to any committee consisting of two or more directors. Any such delegation may be made subject to any conditions the

directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.

34. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the society for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of her or his powers.
35. Subject to these rules the directors may regulate their proceedings as they think fit. The secretary may call a meeting of the directors, and shall do so at the request of any director. Meetings of directors may be held by suitable electronic means agreed by the directors in which all the participants may communicate with all the other participants. A resolution in writing signed by all the directors entitled to attend and vote at a meeting of the directors for the time being shall be as valid and effective as if the same had been passed at a meeting duly convened and held and may consist of several documents in the like form, each signed by one or more directors.
36. No business shall be transacted at any meeting of the directors unless three directors are present, or at any committee unless two directors are present. If the number of directors in office is less than three, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

#### **SECRETARY AND SEAL**

37. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them. The secretary shall prepare and send all returns to be made to the Registrar and cause to be made all the necessary entries in all registers required by these rules or by the Act to be kept by the society. The secretary shall keep charge of the seal which shall only be used by the authority of the directors. Sealing shall be attested by the signatures of a director and the secretary.

## **AUDITORS**

38. The members shall vote annually, as allowed by the Deregulation (Industrial and provident Societies) Order 1996, at the Annual General Meeting, to have, when necessary in law, or where the membership require, an audit carried out by two or more lay auditors, or a report carried out by a registered auditor, or unaudited accounts, where the conditions for such prevail.

If a full audit or a report is required, a person who is a qualified auditor under section 7 of the Friendly and Industrial and Provident Societies Act 1968 shall be appointed.

The qualified or lay auditors, if so appointed, shall not be officers or servants of the society and nor shall they be partners of, or in the employment of, or employ, an officer or servant of the society.

Lay auditors shall be chosen by the directors from the general membership and/or others.

If the membership vote for audited accounts, the society's income/expenditure Ledger shall be scrutinised by the Secretary and directors only and signed as a true record by the Secretary and two directors or such other number as may be required by legislation. An income/expenditure report will be prepared to present to the society's members at each Annual General Meeting.

## **MONEY LAUNDERING**

- 38A. The Society will appoint a Money Laundering Reporting Officer (MLRO). The functions of the MLRO will be:
- (1) To establish and maintain procedures to prevent money laundering;
  - (2) To establish and maintain awareness among the Society's staff of the procedures to prevent money laundering, including the provision of training;
  - (3) Receiving internal money laundering reports on suspicious activity;

- (4) Making external reports to NCIS if it is considered that the suspicion is justified.

### **SYSTEMS AND CONTROLS**

- 38B. The Society will maintain systems and controls which would satisfy (Chapter 3 of SYSC) the FSA Handbook for the nature, scale and complexity of its business.

### **ACCOUNTS**

- 38C. The Society will provide a copy of its audited accounts to members upon request and payment of a reasonable administration fee not exceeding £10. The accounts will be accompanied by a Director's report of the Society's performance and prospects.

### **ANNUAL RETURN**

39. Every year and within the period prescribed by statute, the secretary shall send to the Registrar, the annual return, in the form prescribed by the Registrar, relating to its affairs for the period required under the Industrial and Provident Societies Act 1965 to be included in the return together with:
- (a) a copy of the report of the auditor on the society's accounts for the period included in the return or with a copy of such other report (if any) as is required by statute for such period; and
  - (b) a copy of each balance sheet made during that period and of the report (if any) of the auditor or other appropriate person on that balance sheet as required by statute.

### **INDEMNITY**

40. Without prejudice to any indemnity to which directors may otherwise be entitled, any directors or other officers or auditors of the society shall be indemnified out of the assets of the society against any liability incurred by them in or about the execution and discharge of the duties of their office or in defending any proceedings, whether

civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the Court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the society.

#### **AMENDMENT OF RULES**

41. Any of these rules may be rescinded or altered, or any new rule may be made, by the vote of three-quarters of all the members present or represented at a general meeting, provided that a resolution to alter any or all of rule 3 (object), rule 5 (application of profits), rule 6 (amalgamation, transfer of engagements and conversion), rule 7 (dissolution), and this rule (amendment of rules) shall not be passed if one tenth or more of the members present or represented at a general meeting vote against it. No amendment of rules is valid until registered.

#### **FIDELITY INSURANCE**

- 41A. The Society will at all times maintain in force a policy of insurance which provides cover against any description of loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees.

#### **INTERPRETATION**

42. In these rules, except where the context otherwise requires:

“the Act” means the Industrial and Provident Societies Act 1965 including any statutory modification or re-enactment thereof for the time being in force;

“the 1968 Act” means the Friendly and Industrial and Provident Societies Act 1968 including any statutory modification or re-enactment thereof for the time being in force;

“the Banking Act” means the Banking Act 1987 including any statutory modification or re-enactment thereof for the time being in force;

A notice or communication sent by post to the registered address of a member shall be deemed to have been duly given 48 hours after it was posted.

Signatures of members and secretary:

Signed by

Secretary .....

Member .....

Member .....

Member .....