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For AGM 14th June 2014

**Extraordinary Resolution
that the Rules of the Society be amended by
deleting them in their entirety and substituting therefore the Rules provided.**

Notes on proposed new Rules (governing document)

These have been drawn up with support from the legal department at Co-ops UK, to ensure that the Rules are compliant with FCA requirements.

The changes we're making are 'tidying up' things - various inconsistencies I've noticed during my few years as Secretary :

- 1) There was no mention of share interest, only dividends, in the 'Application of Profits' Clause of the existing Rules. This seemed a hangover from the pioneering days. Co-ops traditionally gave dividends, but our newer type of IPS pays interest, not dividends. Now correct in Clause 101.
- 2) There was no provision in the existing Rules for attendance and voting at GMs by proxy only 'in person'. The use of proxies is a perfectly valid way of working but the Rules should have been changed when the committee introduced proxy voting several years ago. This is now covered in Clauses 46 and 48. I'm assured by the lawyer that in 48 it's covered by 'whatever arrangements'.
- 3) Existing Rules have all the committee retiring each AGM. Is valid and simple. However, our share prospectuses (and co-op Model Rules) have one third of Directors retiring each year, which is the more normal practice. So we are now changing to the latter. (Clause 70).

The new Rules are based on Co-op UK's 'Model Rules' for an IPS. Other updating changes in the Rules reflect a greater emphasis on honouring co-operative principles and values.

The procedure now is:

- 1) Members need to agree to new Rules at a GM. (Extraordinary Resolution, requiring 75% vote, not simple majority).
- 2) Paperwork that (1) has happened.
- 3) Send to FCA for approval.

Co-ops UK will do all 2&3 with/for us.

Rules only take effect when agreed by the FCA.

Sonia Kuznetsov
Secretary, BDCR Management Committee
