

ALL PREVIOUS RULES RESCINDED

REGISTERED NO 28861R

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

RULES OF

ALLIA LTD

**(INCORPORATED ON 18 FEBRUARY 1999
AS AMENDED ON 20 APRIL 1999
AS AMENDED ON 16 NOVEMBER 2001
AS AMENDED ON 13 SEPTEMBER 2006
AS AMENDED ON 13 OCTOBER 2010
AS AMENDED ON 23 MAY 2011)**

**Model Rules for an Alternative Trading Organisation
(incorporated under the Industrial and Provident Societies Act 1965)**

SCHEDULE

Register number: 28861R

Name of the Society: ALLIA LTD

Registered Office: Citylife House, Sturton Street, Cambridge CB1 2QF

Minimum shareholding: £10

Borrowing limit: £100,000,000

NAME

1. The NAME of the society shall be as set out in the Schedule.

OFFICE

2. The REGISTERED OFFICE shall be at the place set out in the Schedule, or such other place as the directors may from time to time determine.

OBJECTS

3. The Objects of the Society shall be to carry on as a charity for the benefit of the public:

- 3.1 The advancement of education and training;
- 3.2 The promotion of the efficient and effective application of charitable resources by charities and for charitable purposes by provision of financial advice, support and related assistance to charities and for charitable objects;
- 3.3 The provision of loans, guarantees and other financial instruments on beneficial terms to charities or for charitable purposes by receiving donations and obtaining loans from, and issuing bonds on beneficial terms to the public and others in order to provide such loans and guarantees;
- 3.4 To assist charitable organisations measure and increase the social and environmental impact of their activities;
- 3.5 To undertake such other charitable activities as the directors in their absolute discretion think fit

In this Rule "beneficial" shall mean on terms of or subject to arrangements which are advantageous to charity as compared with commercial terms or arrangements.

4. Business Principles

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

- 4.1 it will conduct its business with integrity
- 4.2 it will conduct its business with due skill, care and diligence
- 4.3 it will take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems
- 4.4 it will maintain adequate financial resources
- 4.5 it will consider the interests of all third parties dealing with the Society.

POWERS

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

- 5.1 to propose ideas and to undertake practical initiatives with business, political, civic, church and charitable organisations
- 5.2 the provision and encouragement and promotion of instruction in professions, vocations, industries, crafts and skills needed in employment
- 5.3 to undertake initiatives to raise funds to support the objects listed above
- 5.4 to make grants and loans to persons and organisations in accordance with the objects of the Society
- 5.5 To INVEST funds of the Society by the authority of the directors in accordance with the Act;
- 5.6 To BORROW 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:-
 - 5.6.1 the Society shall not carry on a deposit taking business within the meaning of the Banking Act;
 - 5.6.2 the amount of money borrowed and for the time being remaining undischarged shall not exceed the amount set out in the Schedule;
 - 5.6.3 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

APPLICATION OF PROFITS

6. The net profits and property of the Society shall be applied solely towards the promotion of its objects 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:-
 - 6.1 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;
 - 6.2 Nothing herein shall prevent any payment in good faith by the Society:-
 - 6.2.1 of reasonable and proper remuneration and reimbursement of expenses to any member (who is not a director) or servant of the Society for any services rendered to the Society;
 - 6.2.2 of interest on money lent by any member of the Society or director in accordance with these rules;
 - 6.2.3 of reasonable and proper rent for premises demised or let to the Society by any member of the Society or director.
 - 6.3 Provided that in view of the professional and technical expertise which will be required by the Board of Directors the Society shall be permitted to remunerate by salary, pension contributions or fees or receive other benefits in money or monies worth from the Society no more than two directors of the Society, who shall at all times be a minority of directors of the Society if:
 - 6.3.1 the duties carried out or services provided by the remunerated directors are required by the Society for the attainment of its objects;
 - 6.3.2 the nature and level of the fees or remuneration paid to a director is reasonable in relation to the service he or she has provided and the resources of the Society;
 - 6.3.3 whenever a director has a personal interest whether directly or indirectly in any discussions of the Board of Directors in relation to his remuneration, the director must declare an interest at or before discussions begin, withdraw from the meeting for that item, and not be counted in the quorum vote on that matter.
7. 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:-

- 7.1 The objects of such society or company are similar to or compatible with the object of the Society, or
 - 7.2 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 charitable institution or institutions having objects similar to or compatible with the objects of the Society.
8. The Society may be DISSOLVED:-
- 8.1 By winding up in a manner provided by the Act; or
 - 8.2 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 charitable institution or institutions having objects similar to or compatible with the objects of the Society.

MEMBERSHIP

9. 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 16 years (including the nominees of bodies unincorporate), societies, companies and local authorities (being bodies corporate).
10. Membership Identification.

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.
11. 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").
12. The minimum shareholding shall be defined as the greater of the amount set out in the Schedule and such greater number of fully paid shares as the directors may determine for each class of shareholding subject to the Act provided that no member can be required without the written consent of that member to hold a greater number of shares than the minimum shareholding at the time of the admission of that member.
13. The Directors may specify before issue that a class of shareholding shall have an annual subscription (the amount to be decided by the Directors from time to

time) in respect of charitable services to be provided to the member by the Society. If a member does not pay the annual subscription then the Society shall be under no obligation to provide charitable services to the member, but the member does not lose any rights of membership in that event. The obligation to pay a subscription and the variation in that subscription shall not be treated as an obligation under Rule 15 to which the consent of the members of that class shall be required.

14. 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.

15. Class Rights.

The Society may make provision for different classes of membership with such rights and obligations as the Society may determine provided that every member shall be entitled to one vote in accordance with Rule 36. Subject to Rule 13 such rights and obligations may be varied only if three-quarters of the members of that class consent in writing or by resolution of a separate general meeting of the members of that class.

16. A member who is a nominee of a body unincorporate shall have entered against the member's name in the register the name of the body unincorporate by whom the member has been nominated.

17. 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.

18. 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.

19. No person who has been expelled from membership shall be re-admitted except by resolution of a general meeting.

20. 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

21. The purpose of issuing shares in the Society is solely to advance the charitable purposes of the Society under terms which are beneficial to the Society in accordance with Rule 3.
22. The shares in the Society shall be of the nominal value of £1.00 and shall be withdrawable or transferable. Transferable Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors which is signed by or on behalf of the transferor. The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it. The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect the proposed transfer may be fraudulent.
23. 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.

24. Financial Promotions.

The Society shall not communicate any inducement or invitation to purchase withdrawable share capital or any other financial instrument which the Society may issue from time to time without taking advice from a legal advisor or a person authorised and approved by the Financial Services Authority.

25. 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.
26. Shares may be held jointly by up to 4 members. An application for the withdrawal of any share or shares held jointly shall be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid. Any one of the joint holders of a share or shares may give a valid receipt for the payment of any interest payable thereon.
27. 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 its 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.
28. Shares may be withdrawn by members upon giving six months notice to the Society provided that:-

- 28.1 All withdrawals shall be paid in the order in which the notices were received by the Society;
 - 28.2 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;
 - 28.3 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;
 - 28.4 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;
 - 28.5 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;
 - 28.6 The amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn.
29. 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

30. 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.
31. 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.

32. On the decease of a joint holder of any share it shall be registered in the name of the survivor or survivors.

GENERAL MEETINGS

33. In addition to any other meeting the Society shall hold, if required by the Act, 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.
34. Meetings may be called by the directors and, on the direction of the Council or upon the written requisition of 50 or 1/10th 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.
35. No business shall be transacted at any meeting unless three members entitled to vote are present or represented. The moderator shall be appointed by the directors present from among their number, or in the absence of all directors by the members present or represented.
36. Every member entitled to vote at a general meeting shall have 1 vote, and may appoint another member to attend and, on a poll, to vote in her or his place, and may direct the proxy how to vote. A poll may be demanded by the moderator or by any 3 members present or represented. No member may represent more than 1 other member, except that the moderator may be directed to vote for or against a resolution as proxy by any number of members. A form of proxy shall be in writing, signed by the appointer and shall be in such form as the directors may prescribe.
37. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders who may not attend a meeting except as a proxy or exercise any right conferred by these rules on a member; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
38. 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.
39. The directors may determine within 1 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

40. A Council may be appointed consisting of not less than 5 members of the Society who are not directors or officers.
41. 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.
42. The provisions of these rules governing the appointment and removal, expenses and proceedings of directors shall apply to the members of Council *mutatis mutandis*.

DIRECTORS

43. Not less than 3 members and who are willing to act shall be appointed as directors. The directors shall be elected each year at the annual general meeting. Any director may be removed from office by a general meeting. The directors may appoint as a director, to fill a vacancy or as an additional director, a member who has not been a candidate for election during the preceding 12 months.

44. Fit and Proper

No person shall be appointed without the consent of any relevant court or the Financial Services Authority (FSA) (as may be required by law) as a director or member of the Council of the Society, or be the Chief Executive or the Secretary of the Society who:

- 44.1 Has been made bankrupt;
- 44.2 Is subject to a disqualification order under the Company Directors Disqualifications Act 1986;
- 44.3 Has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974;
- 44.4 Is prohibited by the Financial Services Authority from undertaking a controlled function (as specified in SUP 10.4.5R of the FSA Handbook).
- 44.5 Has been disqualified under the Charities Act 1993 from acting as a charity trustee.

POWERS OF DIRECTORS

45. 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.

46. The directors may delegate any of their powers to any committee consisting of 2 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.
47. 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.
48. 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.
49. No business shall be transacted at any meeting of the directors unless 3 directors are present, or at any committee unless 2 directors are present. If the number of directors in office is less than 3, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
50. A meeting of the directors may be held either in person or by suitable electronic means agreed by the directors in which all participants may communicate with all the other participants.

SECRETARY AND SEAL

51. 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.

AUDIT

52. The Society shall in accordance with sections 4 and 8 of the 1968 Act appoint in each year 1 or more auditors to whom the accounts of the Society for that year shall be submitted for audit as required by the 1968 Act, and who shall have such rights in relation to notice of and attendance and audience at general meetings, access to books and the supply of information, and otherwise, as are provided by the 1968 Act.

In the case of any auditors so appointed who are qualified auditors under section 7 of the 1968 Act the provisions of sections 5 and 6 thereof apply to their

reappointment and removal and to any resolution removing them or appointing another persons in their place.

53. Money Laundering

The Society will appoint a Money Laundering Reporting Officer (MLRO). The functions of the MLRO will be:

- 53.1 To establish and maintain procedures to prevent money laundering;
- 53.2 To establish and maintain awareness among the Society's staff of the procedures to prevent money laundering, including the provision of training;
- 53.3 Receiving internal money laundering reports on suspicious activity; Making external reports to the relevant statutory body if it is considered that the suspicion is justified.

54. Accounts

The Society will provide a copy of its audited accounts, if any are required to be prepared, to members upon request and payment of a reasonable administration fee not exceeding £10. The Society may also put a copy of the latest accounts onto the Societies website. The accounts will be accompanied by a Director's report of the Society's performance and prospects.

INDEMNITY

55. 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 judgment 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.

56. Trustee Indemnity Insurance

56.1 The Society shall have the power, notwithstanding Rule 6 or anything else in these Rules, to provide and pay premiums in respect of indemnity insurance to cover the liability of the directors or any other officer of the Society:

56.1.1 which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust, or breach of duty of which they may be guilty in relation to the Society;

56.1.2 to make contributions to the assets of the Society in accordance with the provisions of section 214 of the Insolvency Act 1986.

57. Any such insurance in the case of Rule 56.1.1 shall not extend to any liability:
- 57.1 Resulting from conduct which the director or officer knew, or must be assumed to have known, was not in the best interests of the Society, or which the director or officer did not care whether it was in the best interests of the Society or not;
 - 57.2 To pay the costs of unsuccessfully defending criminal prosecutions for offences arising out of the fraud or dishonesty or wilful or reckless misconduct of the director or officer;
 - 57.3 To pay a fine.
58. Any insurance in the case of Rule 56.1.2 shall not extend to any liability to make such a contribution where the basis of the director's liability is his knowledge prior to the insolvent liquidation of the Society (or reckless failure to acquire that knowledge) that there was no reasonable prospect that the Society would avoid going into insolvent liquidation.
59. Fidelity Insurance
- 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.

AMENDMENT OF RULES

60. 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 6 (application of profits), rule 7 (amalgamation, transfer of engagements and conversion), rule 8 (dissolution), and this rule (amendment of rules) shall not be passed if 1/10th or more of the members present or represented at a general meeting vote against it. No amendment of rules is valid until registered. No amendment may be made which causes the Society to cease to be a Charity in law.

INTERPRETATION

61. 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;

"moderator" means the person whose function it is to conduct the business of a meeting in an orderly manner.

Financial Services Authority (FSA) shall include any relevant person or persons which succeed to the relevant powers of the FSA referred to in these Rules.

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:-

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Secretary