

AGM Rule Changes

Proposed Alterations to Rules



Special Resolution

Item (number 5) on the agenda at this year's Annual General Meeting (AGM) is to make amendments to the Rules of the Society. The purpose of this note is to provide an explanation to Members of the details of the alterations proposed.

The Society last updated its Rules in 2014 and is now proposing to update those rules to take into consideration changes published by the Building Societies Associations (the BSA) in their update to the Seventh Edition of its Model Rules, on which the Society's existing Rules are based. The BSA changes reflect changes in building society law, practice, and regulatory guidance.

This note sets out the main areas of change. A full copy of the existing Rules with the changes highlighted is available and can be requested from our Head Office, at any Branch or can be found on the Society's website. www.thevernon.co.uk/noticeofagm

It's intended if the amendments to the Rules are agreed at the AGM, they will take effect, subject to registration with the Financial Conduct Authority (FCA) on 26 th May 2022. The Board believes that these updates will benefit the Society and its Members, and therefore recommends that Members **vote FOR** them. The main reasons for the change are outlined below:

Which rules are the Society proposing to change?

The Rules of the Society is the main constitutional document that sets out the basis on which the Society is governed which includes how Member's meetings are held, and the meeting requirements.

We're proposing to update the Rules:

- To allow Member's meetings to be held electronically, and/or in more than one physical location;
- To clarify the procedures for adjourned meetings, which includes clarifying quorum requirements;
- To reflect the Mental Health (Discrimination) Act 2013; and
- To update the rules relating to Directors permanent residence.

There is also some re-numbering, gender neutralisation and minor typographical changes to also make to the Rules.

Why is the Society proposing to change the rules on how Members' meetings are held?

The COVID-19 pandemic resulted in the 2020 & 2021 Annual General Meetings being held behind closed doors, meaning Member participation was limited. The proposed rule changes allow Member meetings to be held electronically or at more than one venue, or by a combination of both physical attendance and using an electronic platform, so that all Members who wish to do so can fully participate in the meeting whilst still keeping both our staff and Members safe.

Why is the Society proposing to change the rules relating to adjourned meetings?

The COVID-19 pandemic identified the need to have procedures in place in the rare event that a Members meeting needs to be adjourned. The Society is proposing Rules to clarify the procedure which includes the requirements to inform Members of the time, venue and date of the new meeting.

Why is the Society updating the rules regarding quorums at meetings?

The Society is proposing to update this rule only in relation in the event that a meeting is adjourned that the number of Members present (quorum) needed at the meeting be the same as for the Annual General Meeting or Special General Meeting.

Why is the Society proposing to change the Vacation of Office & Disqualification rules?

The Society is proposing to update these Rules to reflect the requirements of the Mental Health (Discrimination) Act 2013.

Why is the Society changing the Directors permanent residence rules?

The COVID-19 pandemic has shown that the Society's Directors have been equally effective working remotely with meetings held electronically and not face to face. Due to such technology advances, the Society is proposing to update this Rule to widen the residency scope to also include the European Union in addition to the United Kingdom.

Proposed Rule Changes

Detailed below are the proposed amended Rules. The old Rules of the Society are available upon request. Alternatively a copy can be viewed on the Society's website [Corporate Information | About Us | Vernon Building Society \(thevernon.co.uk\)](http://www.thevernon.co.uk)

To allow Member's meetings to be held electronically, and/or in more than one physical location

New Section 32 Means of Participation (Existing sections renumbered after here)

(1) The Board may make arrangement for Members to attend and participate in Annual General Meetings and/or Special General Meetings by:

- (a) Attendance at a physical meeting place;
- (b) Simultaneous attendance and participation at a Secondary Meeting Place; and/or
- (c) Using an Electronic Platform.

(2) An Annual General Meeting and/or a Special General Meeting may be held:

- (a) Solely as a physical meeting; or
- (b) Subject to Statutes, by offering Members the option to attend and participate at a physical meeting place (which may include a Secondary Meeting Place) or by using an Electronic Platform; or
- (c) Subject to Statutes, solely as an electronic meeting accessible by using an Electronic Platform.

(3) A Member is present at an Annual General Meeting or Special General Meeting for the purposes of these Rules if:

- (a) Being an individual, they attend in person;
- (b) Being a Body Corporate, a Corporate Representative attends in that capacity in person; or
- (c) A person being appointed as their or its proxy or attorney (or any person specified in paragraph (7) of Rule 38 attends in person.

Included in each case, where permitted by the Board in accordance with these Rules, attendance at any Secondary Meeting place or by using an Electronic Platform.

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- (4) Where the Board decides that Members may attend and participate in an Annual General Meeting or a Special General Meeting by using an Electronic Platform, the notice of the meeting given under Rule 33 shall set out details of the Electronic Platform for the meeting (and any access arrangements for such Electronic Platform shall be communicated to Members, either in the notice or otherwise).
- (5) Details of any physical meeting place, Secondary Meeting place and/or Electronic Platform that shall be stated in a notice of meeting given under Rule 33 shall constitute the place of such a meeting.
- (6) Arrangements shall be made for any documents which are required to be made available for inspection by members at an Annual General Meeting or a Special General Meeting to be available for inspection at any Secondary Meeting place (in addition to the principle meeting place) and by any Members who attend and participate in the meeting using an Electronic Platform.
- (7) Any persons wishing to attend an Annual General Meeting or a Special General Meeting (whether at any principle physical meeting place or any Secondary Meeting Place, or by using an Electronic Platform) shall be required to comply with any identification procedures and security arrangements as the Board shall reasonably specify from time to time.

To clarify the procedures for adjourned meetings

New Section 37 Adjourned Meetings (Existing sections renumbered after here)

- (1) The Chair of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the next meeting), adjourn the meeting from time to time and from place to place but, except as provided in Rule 38 (7), no business shall be transacted at any adjourned meeting other than the business left unfinished or not reaches at the meeting from which the adjournment took place.
- (2) Every adjourned meeting shall be deemed a continuation of the original meeting, but any resolution passed at the 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.
- (3) When a meeting is adjourned for more than 30 days or more, a notice specifying the hour, date and place of the adjourned meeting, and stating the business left unfinished or not reached at the meeting from which the adjournment took place, shall be given to Members as provided in Rule 34 (3). The notice shall also state that –
 - (a) A Member entitled to attend, and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of them, 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.

Where a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at such an adjourned meeting.

- (4) The appointment of a proxy made in accordance with Rule 39 shall, unless provided otherwise in the instrument appointing such proxy, be valid for any adjournment of the meeting. Nothing in this paragraph (4) shall prevent a Member from submitting a new instrument appointing a proxy in relation to the adjourned meeting, which shall take precedence over any earlier instrument, or from attending the adjourned meeting in person if the Member wishes to do so.
- (5) The adjournment of a meeting shall not affect the validity of the business that was concluded at the meeting from which the adjournment took place, prior to the adjournment of such a meeting.

To clarify the procedures for adjourned meetings quorum requirements

Rule 35 (1) - No business shall be considered at any Annual General Meeting or Special General Meeting unless a quorum is present at the time when the meeting proceeds to business and, **subject to Rule 35 (3) in case of an adjourned meeting**, a quorum shall be constituted for all purposes as follows –

- (a) Except where sub-paragraph (b) below applies, by 10 Members present and entitled to vote on a show of hands under Rule 38 (5),
- (b) In the case of a Special General Meeting requisitioned under Rule 31 (3) by 10 Members present and entitled to vote on a show of hands under Rule 38 (5).

To reflect the Mental Health (Discrimination) Act 2013

Rule 24 (1) – A Director shall cease to hold office -

- (g) If they are or might be suffering from mental disorder and a registered medical practitioner who is treating that person gives a written opinion to the Society stating that they have become physically or mentally incapable of acting as a Director and may remain so for more than three months.

To update the rules relating to Directors permanent residence

Rule 24 (1) – A Director shall cease to hold office -

- (c) If they take up permanent residence outside the UK or European Union.

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