

# Rolling Stocks

Authorised by :

## Investment Club

(ProShare reference number 12707)

### CONSTITUTION OF THE CLUB

***This is an important document, compiled and signed by the members, which spells out the basic principles of the club. It shows the reason why the club was formed and the broad basis of its operations. All members should read this document and agree with the principles laid down.***

This agreement is made this ..... day of in the year of 20..... between the undersigned people as club members for the purpose of joint investment in stocks, shares, bonds, options, securities and investments of a like nature for their mutual benefit and interest.

1. The first principle of the club shall be that no member shall be deprived of his/her equitable share in the assets of the club.
2. Members of the club shall make regular contributions in such amounts and on such basis as is from time to time agreed or required by the rules.
3. Members shall be bound by the rules to be determined by members. Such rules may be varied by majority resolution at a properly convened general meeting but the rules shall not at any time contravene the principles of this constitution. The constitution cannot be altered without the agreement of 75% of the club membership.
4. The club shall deal solely with investments on behalf of its own members and shall neither deal on behalf of nor advise any persons other than its members in relation to investments of any kind. All its activities will be confined to the mutual benefit and interest of its members.
5. Club membership shall be restricted to a maximum of 20 people. New members shall only be admitted after being proposed and seconded by two existing members and there being no objection from any member of the club.
6. No member shall assign, pledge, transfer, mortgage or sell any part of his/her interest in the club to another member or to anyone else except as permitted by the authorised procedure for selling back all or part of his/her interest to the club itself.
7. No member shall be compensated for services rendered to the club and no member shall bind or obligate the club or any member of the club to any matters outside the affairs of the club, and in respect of the club's affairs they shall only enter into agreements on the authority of a resolution properly passed by members.
8. The rules shall determine the procedure whereby a member may resign from the club and withdraw his/her equitable share of the club's assets but the maximum period to elapse between the date of resignation and the date of full repayment shall not exceed 90 days.
9. The club shall hold a general meeting once in every calendar year as its annual general meeting provided that every annual general meeting shall not be more than 15 months after the preceding annual general meeting. The club's first annual general meeting shall be within 15 months of its inauguration.
10. At each annual general meeting, the members shall elect a chairman, honorary treasurer and honorary secretary who will resign at the following annual general meeting but be subject to re-election. Members will also elect the club's auditors. If the auditors are



## CONSTITUTION OF THE CLUB

members of the club they shall be at least two in number and shall not be executive officers of the club.

11. At each annual general meeting, a statement of account shall be given by the treasurer, together with the report of the auditors. The treasurer's report shall include a full record of the club's income and expenditure; a list of the club's assets together with its end-of-year valuation; also a capital account for each member showing his/her total contributions and drawings together with the current value of his/her holding.
12. Upon the death of any member the value of his/her equitable share in the club shall be paid to the executor of the estate in accordance with the club's rules for dealing with a member leaving the club.
13. The club's investments shall be registered through one or more nominee companies provided by reputable sources such as banks or stockbrokers, OR such investments shall be held in the names of trustees, of whom there shall be at least two, who will sign a Declaration of Trust, and who shall be appointed by a resolution of the majority of the club members.
14. The club shall open an account with a bank or building society and all club monies shall be paid into this account except in so far as monies from disposal of investments may be retained by the club's stockbroker(s) pending reinvestment. At least two of the club's officers or other members nominated by the club for this purpose must sign all cheques and the bank/building society shall be instructed accordingly.
15. If any member should assign, charge or otherwise encumber his/her share in the club as prohibited by clause 6 of this agreement, he/she shall be expelled from the club. If any member shall become bankrupt, insane or otherwise incapable of taking part in the club's business, OR shall act in any manner inconsistent with the good faith observable between members, OR shall be guilty of any conduct which could injure the good name of the club, OR bring about its dissolution or fail to attend at least 25% of properly constituted meetings in the club's financial year, it shall be lawful for other members to notify the offending member in writing that members shall consider his/her expulsion from the club. A member being issued with such a warning shall be given an opportunity to offer other members any explanation as he/she considers desirable.
16. A member shall be expelled if ALL members present at a properly constituted meeting of the club, excluding the member who is the subject of the expulsion, support a resolution to that effect. A member who is expelled shall be notified in writing and shall have his/her equitable share of the club assets returned in accordance with the rules of the club.



CONSTITUTION OF THE CLUB
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**IN WITNESS** whereas the undersigned have set their hands this ..... day of .....  
in the year of 20.....

NAME	SIGNATURE	WITNESSED BY
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### DOCUMENT AMENDMENT HISTORY

Issue	Date	Author	Summary of Change
1	May 1998	Dave G.	New document
2	June 2007	Dave G.	Changes following review at EGM of 21st June 2007. Changes are as below:- <ul style="list-style-type: none"><li>▪ Formatting changed to bring into line with other documents of the club</li><li>▪ "19" changed to "20" where dates are to be entered</li><li>▪ Clause 3 : "for the time being" removed from end of last sentence</li><li>▪ Clause 13: to allow more than one nominee company</li><li>▪ Clause 15: "any one financial year" change to "the club's financial year"</li></ul>