

**MINUTES OF THE FOURTH ANNUAL GENERAL MEETING OF THE PERSONAL
FINANCE SOCIETY
HELD AT THE ICC, BROAD STREET, BIRMINGHAM
ON TUESDAY 11 NOVEMBER 2008 AT 8.00 AM**

Members:	Robert Reid	President
	Paul Lothian	Vice President
	Fay Goddard	Chief Executive Officer
	Mike Fosberry	Director
	Peter Martin	Director
	David Thomson	Director
	Simon Holt	Director
	Carole Nicholls	Director
	Edward Grant	Director – to be appointed
	Robin O’Grady	Director – to resign
	26 additional full members	(list of names attached)

In attendance:	Caroline Jeffery	Assistant Company Secretary (voting on behalf of the CII)
	Olivia Akueme	Secretariat Co-ordinator
	Sue Arden	PFS
	Martin Wells	PFS

A. Welcome, Opening of meeting and Apologies

The President welcomed the members to the meeting and, as there were 35 full members of the Society present, the President formally opened the Annual General Meeting for 2008. He introduced the Board and submitted apologies for absence from Sandy Scott, who was recovering from a knee operation.

B. Minutes of the last AGM

The minutes of the last AGM held on 12 November 2007 were approved as a true and accurate record and were signed by the President.

ORDINARY RESOLUTION

1. Report and Financial Statements

The President reported that, the ordinary resolutions would be proposed and carried by a simple majority. He asked the members to raise their hands clearly as the votes needed to be counted and recorded

The President proposed:

‘The Report and Financial Statements of the Personal Finance Society for the period 1 January 2007 to 31 December 2007 be received and adopted’

34 members voted for the resolution, while one voted in abstention. The President advised that 70 proxy votes had been cast in favour of the resolution, two were against and two abstained. The President declared the motion carried.

2 Resignation of Robin O’Grady

The President proposed that the resignation by rotation of Robin O’Grady as a

Member Director be accepted. He thanked Robin O'Grady for his contribution to the Board and the hard work he had undertaken.

The President proposed:

'That, the resignation of Robin O'Grady, who retires by rotation as a Member Director of the Society at this Annual General Meeting be accepted.'

The resolution was **CARRIED** unanimously and the President reported that the total number of proxy votes cast in favour of the resolution was 72 and that there was one proxy vote against and one proxy vote in abstention. The President declared the motion carried.

3. Reappointment of Robert Reid

The President asked Paul Lothian the incoming President to introduce and propose the resolution.

Paul Lothian proposed:

'That Robert Reid who retires by rotation as a Member Director of the Society at this Annual General Meeting, be reappointed as a Member Director as approved by the board of directors'.

34 members voted for the resolution, while one voted in abstention. The President advised that 66 proxy votes had been cast in favour of the resolution, five were against and three abstained. The President declared the motion carried.

4. Appointment of Edward Grant

The President stated that Edward Grant's biography had been available on the website for the past couple of months and that a further copy was available in the packs. He asked Mr Grant to stand up briefly so that the members could put a name to a face.

The President proposed:

'That, Edward Grant be appointed as a new Member Director of the Society in accordance with the recommendations of the Nominations Committee and as approved by the Board of Directors'.

The resolution was **CARRIED** unanimously and the President advised that the total number of proxy votes cast in favour of the resolution was 67 and that there were a total of three votes cast against the resolution and four abstained. The President declared the motion carried.

5. Appointment of Auditors

The President explained that following a market re-tendering exercise undertaken by the CII's Audit Committee, BDO Stoy Hayward were recommended as auditors of the Society. The following questions were raised:

A member asked why there was a change of Auditors. Peter Martin the Finance Director stated that Deloitte and Touche had been the Auditors for seven years or more and no selection process or re-tender process had occurred over that period and there was a sense of longevity.

Jennifer Goldsmith asked why BDO Stoy Hayward's tender was chosen over all

others. Peter Martin stated that there was a shortlist and BDO Stoy Hayward's attributes stood out above the others. Help could be obtained from one of their partners who was well grounded with Compliance and not-for-profit work.

Steven Whalley asked if there was any increase in the costs involved. Peter Martin stated that at a group level there was a slight increase however it was not significant.

The President proposed:

'That BDO Stoy Hayward LLP be appointed as auditors of the Society until the close of the next Annual General Meeting and that the directors be authorised to agree their remuneration.'

The resolution was **CARRIED** unanimously and the President advised that the total number of proxy votes cast in favour of the resolution was 69 and that there were three votes cast against the resolution and two abstained. The President declared the motion carried.

SPECIAL RESOLUTION

6. Special Resolution 6

The President explained that at last year's AGM, the definition of Non-Member Directors included Lay Directors and Directors employed by the CII. This meant that under the Articles, Lay Directors could only be appointed by the CII and would not therefore be truly independent. To enable Lay Directors to be appointed, separate categories of Institute Directors and Lay Directors were suggested.

A member asked why this particular resolution was back again to be voted upon since it was deliberated upon at the previous AGM and was rejected. The President stated that the reason was because there was a need to have independent Lay Directors who brought, a different perspective to the Board and to meet with corporate governance guidance.

Mr Brian Steeples asked what form of appointment would take place. The President stated that any potential Lay member approached would still have to go through the Nominations Committee and the process.

Mr Garry Hales asked if the Society had anybody in mind to be approached as a Lay Member. The President said there was someone in mind however they would be put through the nominations process. Jennifer Goldsmith asked if the lay member was likely to come from the consumer arena. The President advised that this would be an advantage.

Some members including Peter Williams, Paul Lothian and Roderic Rennison agreed that it was important and useful to have Lay members on the Board as they brought their unique expertise, positive contribution and independence.

The President proposed:

'That, the Articles of Association of the Society be altered so as to give effect to all the motions comprising resolution 6 and denoted in a) to q) in the Notice of the Annual General Meeting..'

32 members voted for the resolution, two voted against the resolution and one voted

in abstention. The President advised that 66 proxy votes had been cast in favour of the resolution, seven were against and one abstained. The President declared the motion carried.

7. Special Resolution 7

The President explained that the purpose of the changes was to update and clarify the Articles of Association generally

Brian Steeples asked if the changes were to tidy up the articles and nothing more substantial. The President stated that a thorough review of all articles had taken place with the key objective that they were clearer and easier to read.

The President proposed:

'That, the Articles of Association of the Society be altered so as to give effect to all the motions comprising resolution 7 and denoted in a) to h) in the Notice of the Annual General meeting.'

A unanimous vote was carried. The President advised that 67 proxy votes had been cast in favour of the resolution and seven proxies voted against the resolution. The President declared the motion carried

8. Special Resolution 8

The President advised that the purpose of the changes was to update and clarify the Articles of Association to include additional disqualification and removal provisions for directors. A statement from a member, Mr Gary Bottriell had been received. He had asked for it to be read out at the meeting. The President asked Caroline Jeffery to read it out but advised that he was not setting a precedent for members in the future to submit statements as this would be too time consuming. (Mr Bottriell's statement is attached)

In defence of Mr Bottriell's statement, the President stated that the Companies Act 2006 provisions had codified the duties of the directors and it was to these duties that the change to the article referred. Even though, as Mr Bottriell pointed out, it might have added clarity to insert the word 'statutory', the presence or absence of the word did not affect the Society's requirement to comply with the Companies Act, and was not a sufficient reason for the proposed article change to be lost. In addition, section 172 of the Companies Act 2006 requires that all directors are to 'promote the success of the company'. Mr Bottriell's referral to never have seen executive directors having the power to remove the non-executive directors was based on a misunderstanding. It is the Board that have the ability to remove members not the Executive directors.

The President added that the articles did not set out the process for dismissal and an insertion in the Articles would be a repetition of the requirements published in the CII Disciplinary Regulations and Procedure Rules. The CII/PFS held regular disciplinary hearings and all Lay Directors would be asked to sign up to the Code of Ethics and Conduct as part of their contract. The President submitted that if members voted against the proposed Article 10.1.1, members would be increasing the opportunity for inappropriate directors who would not be acting in the interests of the Society to remain on the Board. He recommended that to comply with Companies Act 2006 and to prevent inappropriate directors remaining on the Board, members should vote in favour of Resolution 8. The President proposed that it should be minuted that the word 'duties in the articles referred to statutory duties and that directors could not be removed from the board without the disciplinary procedures being invoked. This was

agreed.

The President proposed:

'That, the Articles of Association of the Society be altered so as to give effect to all the months comprising resolution 8 and denoted in a) to g) in the Notice of the Annual General Meeting.'

Members' questions

33 members voted for the resolution and two voted in abstention. The President advised that 67 proxy votes had been cast in favour of the resolution and seven were against the resolution. The President declared the motion carried.

9. Special Resolution 9

The President explained that the purpose of the changes was to change the composition of the Nominations Committee to enable the Immediate Past President to be appointed.

The President proposed:

'That, the Articles of Association of the Society be altered so as to give effect to all the motions comprising resolution 9 in the Notice of the Annual General Meeting.'

A unanimous vote was carried. The President advised that 68 proxy votes had been cast in favour of the resolution and six proxies voted against the resolution. The President declared the motion carried.

10. Special Resolution 10

The President explained that the changes proposed were to include provisions which allowed the PFS to communicate company documents to the membership electronically.

The President proposed:

'That, the Articles of Association of the Society be altered so as to give effect to all the motions comprising resolution 10 and denoted in a) to e) in the Notice of the Annual General Meeting.'

A unanimous vote was carried. The President advised that 68 proxy votes had been cast in favour of the resolution and six proxies voted against the resolution. The President declared the motion carried.

D. Report from the Chief Executive

The President called on the Chief Executive Officer, Fay Goddard to give her report on the PFS's progress and future plans for 2009. (A copy of the CEO's presentation is attached)

After the Chief Executive gave her presentation, the members asked questions. A member asked if the PFS could lobby on behalf of financial services. The Chief Executive advised that the PFS tried to influence rather than lobby relevant stakeholders. The issue of the number of attendees at the AGM was raised by a

member. The CEO however pointed out that the numbers present was good given the economic climate. She also added that members who were not present most likely attended other conferences and that members had a choice.

E. Members' Questions

Members' questions continued. Jennifer Goldsmith asked if there was a way to let the public understand that as professionals, Chartered Financial Planners should not be scrutinised as to how they are paid. The CEO responded that this was an issue for the trade body and AIFA (Association For Independent Advisers) did work in this area. The main issue was so long as it was ethical and transparent. Ethically issues like conflict of interest, treating clients fairly and consumer agreed remuneration were to be considered.

F. Other Business

There was no other business.

The Chairman thanked the members present for attending the AGM and for their questions and feedback.

The meeting terminated at 9.24am

.....
Chairman Dated 25 November 2009

LIST OF ATTENDEES

NAME

P F O'Doughall	Frank Kelly
Anthony Cohen (acting as proxy for seven members)	Trevor Rider
Peter Williams	Roderic Rennison
Steven Whalley	Mark Ridgment
Eleanor Downie	Alastair McNaughton
Jennifer Goldsmith	Ian Baguley
Terrence O'Halloran	Helen West
Gary Hale	Andrew Bloch
Steve Robinson	Joyce Waiyaki
Lawrence Bignell	Frank Iredale
Brian Steeples	
Colin Duncan	
Richard Cohen	
David Whigham	
Colin Ridesy	
Miir Morcoy	

Resolution eight

Good morning fellow members of the PFS, I am sorry I cannot be with you this morning but it is very nearly impossible to get to the AGM today from my home in Dorset, without having had to catch a train yesterday evening.

I wanted to be present to raise concerns I have regarding the proposed amendment to the articles that inserts provision 10.1.1. This provides that the office of a director shall be vacated at the **Society's absolute discretion** if he is guilty of refusal or repeated failure to carry out his duties. At no place are those duties defined, nor is any process for this dismissal described, nor any provision for the director concerned to answer for his action (or inaction).

The first duty of a member nominated director is to represent the interests of members and it is members who should judge the director's performance in this matter, not the Society. The art of corporate governance is well established in the UK, as first promulgated by Cadbury and later Higgs, and never before have I seen an executive given the power to remove non-executive directors on a whim and not have to face those whom they accuse

I publicly voiced my concerns last week and I was telephoned by the PFS CEO and a member of the CII secretariat. They assured me that the provision was being inserted, not out of any malevolent intent, but to comply with new Companies' Act provisions. They conceded that the wording could have been better; and that it should really read along the lines of *'Guilty under provisions of the Companies' Act for refusal or failure to adhere to statutory duties'*

Clause 9.8 in the Society's current articles already provides that *'The office of a director shall automatically be vacated if: a resolution of the Board to remove him is passed with a 75% majority'*.

I see the existing clause 9.8 as being perfectly adequate for the time being and this at least ensures that the expulsion of a Director must be done with a majority of Member Directors being asked to vote on the resolution. This I feel gives greater comfort to members that their democratic rights are not abused than the very loose and nebulous 10.1.1 as proposed.

Given that the secretariat admitted to me that the drafting of 10.1.1 was poor, I see no good reason for the membership to adopt bad articles that would permit a future executive, that may be less trustworthy than those present, to abuse a power that was never intended to be given.

I ask those present to reject resolution eight to give the Society's legal advisers another chance to get it right before we are all bound by it.

4th November 2008
Gary Bottrill FPFS
Chartered Financial Planner