

THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION
OF
THE PERSONAL FINANCE SOCIETY

ADOPTED BY SPECIAL RESOLUTION PASSED ON 13 DECEMBER 2004
AMENDED BY SPECIAL RESOLUTION ON 1 NOVEMBER 2006, 12 NOVEMBER
2007 and 11 NOVEMBER 2008

1. **PRELIMINARY**

The regulations contained in Table C in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the time of adoption of these Articles (a copy of such Table being attached to these Articles and such Table being hereinafter called “Table C”) shall apply to the Society (except for regulation 3 thereof) save in so far as they are excluded or varied by these Articles and such regulations (save as so excluded or varied) and these Articles shall be the regulations of the Society.

2. **OPERATIVE CLAUSES**

In these Articles and in Table C the following expressions have the following meanings unless inconsistent with the context:

“the Act”	The Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force
“Annual Business Plan”	a business plan in a form to be approved by the Institute and outlining plans for the Society’s activities, budgets, projected financial results and strategy for each year
“these Articles”	these Articles of Association, whether as originally adopted or as from time to time altered by special resolution
“the Board”	the board of directors of the Society

“clear days”	in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect
“the directors”	the directors for the time being of the Society or (as the context shall require) any of them acting as the board of directors of the Society and which for the avoidance of doubt includes Member Directors and Non-Member Directors
“executed”	includes any mode of execution
“Full Member”	a person being a member of the Society under Article 3.1 hereof
“the Institute”	The Chartered Insurance Institute
“Institute Director”	an employee of the Institute appointed by the Institute as a Non-Member Director pursuant to Article 8.13
“Lay Director”	a person appointed by the Society as a Non-Member Director pursuant to Article 8.8
“LIA”	The Life Insurance Association Limited
“Member Director”	has the meaning given to it in Article 8.2
“Nominations Committee”	the committee appointed pursuant to Article 14.
“Non-Member Director”	an Institute Director or a Lay Director
“office”	the registered office of the Society
“Registered Member”	a member of SOFA or LIA who fails to complete a prescribed application form
“seal”	the common seal of the Society (if any)

“secretary”	the company secretary of the Society or any other person appointed to perform the duties of the company secretary of the Society, including a joint, assistant or deputy company secretary
“SOFA”	The Society of Financial Advisers
“the Society”	the Personal Finance Society Limited
“Table A”	shall be as defined in Table C
“the United Kingdom”	Great Britain, Northern Ireland, Channel Islands and Isle of Man.

Unless the context otherwise requires, words or expressions contained in these Articles and in Table A shall bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles become binding on the Society. Regulation 1 of Table C shall be extended to exclude regulations 1, 37, 81, 94 to 97 (inclusive) and 101 of Table A.

3. **MEMBERS**

- 3.1 Such persons as are admitted to membership in accordance with these Articles and the Bye-laws of the Society shall be Full Members of the Society for the purposes of the Act. No person shall be admitted a Full Member of the Society unless he is approved by the directors. All Full Members must be natural persons except the Institute.
- 3.2 Membership of the Society as a Full Member shall automatically include membership of the Institute on the terms of such membership from time to time.
- 3.3 At the date of the adoption of these Articles, the Institute is a Full Member of the Society and shall be a Full Member until it gives notice to terminate its membership. A resolution to seek to remove the Institute as a Full Member shall be invalid and of no effect whatsoever.
- 3.4 Every person who wishes to become a Full Member shall deliver to the Society an application for membership in such form as the directors require (“the application form”) signed by him.

- 3.5 A certificate of membership in the prescribed form shall be issued to each eligible Full Member. Each certificate shall remain the property of the Society and shall be returned to the Society on demand.
- 3.6 A register shall be kept of all the Full Members and any members of any other classes which shall contain such particulars, including qualification as may from time to time be prescribed by the Board. Each member shall upon request furnish all information necessary to compile such register.
- 3.7 A member may at any time withdraw from the Society by giving at least seven clear days' notice to the Society and by forwarding his certificate of membership to the Society provided that after such withdrawal the number of members remaining is not less than two. Membership shall not be transferable and shall cease on death.
- 3.8 In the case of a member of SOFA or LIA who fails to complete an application form, such person will be designated as a registered member of the Society (a "Registered Member"). A Registered Member shall not be a Full Member of the Society but shall have the same rights and obligations as that of a Full Member save that a Registered Member shall not have the right to vote at general meetings of the Society or to be appointed as a director. Upon a Registered Member completing an application form, that person shall become a Full Member of the Society and shall be registered as such in accordance with Article 3.6 and shall receive a certificate in accordance with Article 3.5.
- 3.9 The Board shall be entitled to admit persons to categories of membership (not being Full Members for the purposes of the Act) in accordance with the terms of the By-laws from time to time.

4. **GENERAL MEETINGS**

- 4.1 The Board may call general meetings.
- 4.2 The Board shall also proceed to convene general meetings within 21 days of receipt of a requisition by at least 5% of the total membership as at the date of the last annual general meeting, or in default by such requisitions as provided by Section 368 of the Act. Subject to section 368(6) of the Act the requisitionists shall meet any costs of a requisitioned meeting.

- 4.3 The Society shall hold a general meeting in every calendar year as its annual general meeting at such a time and place as may be determined by the Board and shall specify the meeting as such in the notice calling it, provided that every annual general meeting except the first shall be held not more than fifteen months after the holding of the last preceding annual general meeting, and that so long as the Society holds its first annual general meeting within eighteen months after its incorporation it need not hold it in the year of its incorporation or in the following year.
- 4.4 All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

5. NOTICE OF GENERAL MEETINGS

- 5.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed in accordance with section 369(3) of the Act. The notice shall specify the time and place of the meeting and, only in the case of special business, the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
- 5.2 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of the consideration of the profit and loss account, balance sheet, and the reports of the directors and auditors and the appointment of and the fixing of the remuneration of the auditors.
- 5.3 Notwithstanding that the Society does not have a share capital every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Society.

6. PROCEEDINGS AT GENERAL MEETINGS

- 6.1 A quorum for general meetings shall be 15 Full Members.
- 6.2 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefore the Full Member or Full Members present in person or by proxy or (being a body corporate) by representative entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. Table C shall be amended accordingly.
- 6.3 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
- 6.4 The chairman (if present) shall preside as chairman at every general meeting, but if there be no chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to preside, the President or failing him a Vice President shall preside and failing any of them the members present shall choose some member of the Board.

7. VOTES OF MEMBERS

- 7.1 On a show of hands every Full Member who (being an individual) is present in person or by proxy (not being himself a member entitled to vote) or (being a body corporate) is present by representative or by proxy (not being himself a member entitled to vote) shall have one vote. On a poll every Full Member present in person or by proxy or by duly authorised representative (as the case may be) shall have one vote. Regulation 8 of Table C shall be amended accordingly.
- 7.2 Any proxy shall be entitled to cast the votes to which he is entitled in different ways.
- 7.3 No Full Member shall be entitled to vote at any general meeting unless all monies presently payable by him to the Society have been paid.

8. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

8.1 Subject to Articles 8.8, 8.13 and 8.14 the Board shall comprise of up to eight Member Directors up to two Lay Directors, and such Institute Directors as the Institute see fit pursuant to 8.1.2 provided that:

8.1.1 the aggregate total of Member Directors and Lay Directors shall not exceed eight;

8.1.2 the Institute Directors shall have the right to form the majority of Directors on the Board.

8.2 A Member Director shall be a Full Member of the Society who has as a minimum attained Dip PFS or has equivalent qualifications, or otherwise qualified in accordance with any Bye-laws of the Society. Any resolution to amend this article shall require a 75% vote in favour of the amendment by the members who are voting at a general meeting.

8.3 At each annual general meeting one third of the Member Directors shall retire (provided that: (i) if the number of Member Directors is not three or a multiple of three, the number of Member Directors to retire shall be the number nearest to but greater than one third of the total number of Member Directors; and (ii) the number of Member Directors to retire shall be reduced by the number of Member Directors, if any, who have retired or been removed, and have not subsequently been replaced, since the previous annual general meeting). Those Member Directors so to retire shall be determined by the Member Directors at least six weeks before the relevant annual general meeting. In default of any such determination the Member Directors so to retire shall be those who have been longest in office since their last election or re-election. As between persons who were last elected (or re-elected) to the Board:

8.3.1 if all those last elected (or re-elected) on the same day shall unanimously agree that any one or more of them shall retire by rotation, then that person or those persons shall so retire;

8.3.2 to the extent that further retirements are necessary to make up the required number, the chairman shall call for volunteers and unless the number of volunteers exceeds the number of further required retirements, those volunteering shall so retire;

8.3.3 to the extent that further persons need to retire after Articles 8.3.1 and 8.3.2 above have been complied with, those to retire shall be determined by lot.

- 8.4 Subject to the recommendation of the Nominations Committee (constituted pursuant to Article 13), the directors may appoint a person who is willing to be a Member Director, either to fill a vacancy or as an additional Member Director, provided that the appointment does not cause the number of Member Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Member Directors. A Member Director appointed in accordance with this Article 8.4 shall hold office only until the next following annual general meeting and shall not be taken into account in determining the Member Directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.
- 8.5 Member Directors may also be appointed or reappointed at an annual general meeting provided that not less than 60 days prior to the date appointed for such meeting, notice executed by Full Members holding not less than 2% of the total voting rights of all the Full Members qualified to vote at the last annual general meeting has been given to the Nominations Committee of the intention to propose that person for appointment or reappointment.
- 8.6 Not less than fourteen clear days before the date appointed for holding an annual general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a Member Director retiring by rotation at the meeting) in respect of whom notice has been duly given to the Nominations Committee of the intention to propose him at the meeting for appointment or reappointment as a Member Director in accordance with Article 8.5. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Society's register of directors.
- 8.7 If the Society, at the meeting at which a Member Director retires by rotation, does not fill the vacancy the retiring Member Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Member Director is put to the meeting and lost.
- 8.8 The Board shall have the right to appoint and remove up to two persons (who are not Members nor employees of the Society or the Institute) as Lay Directors.
- 8.9 A Lay Director appointed in accordance with Article 8.8 shall hold office only until the next following annual general meeting.

- 8.10 The Lay Directors shall retire by rotation at the annual general meeting and shall, if willing to act, be deemed to have been reappointed unless at the meeting (i) it is resolved not to fill the vacancy; or (ii) unless a resolution for the reappointment of the Lay Directors is put to the meeting and lost or subject to removal in accordance with Articles 9 and 10.
- 8.11 If the appointment of any Member Director would cause the number of directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Member Directors then a lot shall be held to determine which Member Directors should be elected or re-elected (as the case maybe).
- 8.12 Notwithstanding any other provisions of these Articles the maximum term of office of a Member Director and a Lay Director of the Society shall be six years and all Member Directors and Lay Directors shall be deemed to have retired on the sixth anniversary of their appointment as a Member Director or a Lay Director.
- 8.13 Subject to Article 8.14, the Institute shall have the right to appoint and remove its employees as Institute Directors pursuant to Articles 8.1 and 8.1.2.
- 8.14 The number of Institute Directors may not comprise a majority of the Board unless a resolution of a meeting of the board of the institute is passed following:
- 8.14.1 the Board having received written notice from the board of the institute of its intention to appoint such number of additional Institute Directors to the Board so that the Institute Directors form the majority of the directors (“Notice”);
- 8.14.2 a subsequent consultation period of 30 days (starting with receipt by the Board of a the Notice) having elapsed in which the directors may in their absolute discretion consult between themselves and with the Full Members in relation to the matters which have given rise to a Notice;
- 8.14.3 a feedback period of up to 7 days in which the Board may meet to discuss the results of any such consultation; and
- 8.14.4 the board of the Institute having received minutes of any meetings of the Board relating to the Notice and any consultation or feedback pursuant to Article 8.14.2 and 8.14.3

9. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

The office of a director shall automatically be vacated if:

- 9.1 he ceases to be a director by virtue of any provision of the Act or these Articles or he becomes prohibited by law from being a director; or
- 9.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 9.3 he is, or may be, suffering from mental disorder and either:
 - 9.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 9.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- 9.4 he resigns his office by notice to the Society (unless the Society accepts a shorter notice period); or
- 9.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
- 9.6 he shall cease (in the case of a Member Director) to be a member of the Society; or
- 9.7 in the case of an Institute Director he is removed from the Board by the body appointing him; or
- 9.8 a resolution of the Board to remove him is passed with a 75% majority.

10. **ADDITIONAL DISQUALIFICATION AND REMOVAL PROVISIONS**

The office of a director shall be vacated at the Society's absolute discretion if:

10.1 he is guilty of the following:

10.1.1 refusal or repeated failure to carry out his duties

10.1.2 falsification of documents or information

10.1.3 insulting, indecent or offensive behaviour towards members and directors

10.1.4 conduct bringing the Society into disrepute

10.2 he breaches any of his director's fiduciary duties

11. **CHAIRMAN, PRESIDENT, VICE PRESIDENTS AND CO-OPTS**

11.1 The directors shall appoint one of the directors to be the chairman of the Board ("Chairman"). Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

11.2 The directors shall appoint one of the Member Directors as President ("President") who shall serve in office from one annual general meeting to the next

11.3 The directors shall appoint one or more of the Member Directors, if willing to serve, as each of the Vice-Presidents ("Vice President") who shall serve in office from one annual general meeting to the next

11.4 The directors may co-opt up to two individuals to attend and speak at meetings of the Board. Such individuals shall not be appointed as directors and shall not be entitled to vote.

12. **PROCEEDINGS OF THE DIRECTORS**

12.1 The Board's primary concern shall be the development and implementation of the Society's strategy and Annual Business Plan.

12.2 Board meetings shall be held from time to time as determined by the chairman and at least quarterly.

12.3 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any interest of his, a director notwithstanding his office:

12.3.1 may be a party to or otherwise interested in any transaction or arrangement with the Society or in which the Society is in any way interested;

12.3.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Society or in which the Society is in any way interested;

12.3.3 may, or any firm or Society of which he is a member or director may, act in a professional capacity for the Society or any body corporate in which the Society is in any way interested;

12.3.4 shall not by reason of his office be accountable to the Society for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

12.3.5 shall be entitled to vote on any resolution and (whether or not he shall vote) be counted in the quorum on any matter referred to in any of Articles 11.3.1 to 11.3.4 (inclusive) or on any resolution which in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.

12.4 For the purposes of Article 12.3:

12.4.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

12.4.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

12.4.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointer shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

12.5 Any director may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

12.6 The quorum for a meeting of the Board shall be four comprising at least two Non-Member Directors to include one Institute Director and two Member Directors and Table C shall be amended accordingly.

13. **ALTERNATE DIRECTORS**

No director may appoint any other director, or any other person, to be an alternate director and Table C shall be amended accordingly.

14. **NOMINATIONS COMMITTEE**

14.1 The Nominations Committee shall be appointed by the Board and shall consist of at least five members, including the President, the President who served immediately before the current President ("Immediate Past President") and two Non-Member Directors including one Institute Director, the others being Member Directors or Full Members with equivalent qualifications to those required of a Member Director. The Committee shall be chaired by the President and include such individuals as set out from time to time in the Bye-laws.

14.2 The principal functions of the Nominations Committee, but without restriction on the generality of the foregoing, shall be:

14.2.1 to advise and make recommendations to the Board on the appointment of Member Directors to the Board provided that the directors shall be under no obligation to accept any recommendation of the Nominations Committee; and

14.2.2 to keep under review the composition of the Board generally and to advise the Board on any changes that the Nominations Committee may think desirable to ensure that the balance of interests represented on the Board remains appropriate; and

14.2.3 to comply with or carry out any other duties delegated to it by the Board from time to time.

15. **APPROVAL BY THE INSTITUTE**

The rights conferred on the Institute under these Articles or under the Memorandum of Association of the Society may only be varied or abrogated with the prior consent in writing of the Institute. No changes to the Bye Laws shall be made without the prior consent in writing of the Institute.

16. **RULES OR BYE-LAWS**

16.1 The directors may from time to time make such rules or bye laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Society and in particular but without prejudice to the generality of the foregoing, it may by such rules or Bye-laws regulate:

16.1.1 the admission and classification of members of the Society, and the rights and privileges of such members, and the conditions of membership and the terms on which members may resign or have their membership terminated;

16.1.2 the conduct of members of the Society in relation to one another, and to the Society's servants;

16.1.3 the procedure at general meetings and meetings of the directors and committees in each case constituted pursuant to these Articles in so far as such procedure is not regulated by these Articles;

16.1.4 and, generally, all such matters as are commonly the subject matter of such rules,

provided, nevertheless, that no rule or Bye-law shall be inconsistent with, or shall affect or repeal anything contained in the Memorandum of Association of the Society or these Articles.

17. THE SEAL

If the Society has a seal it shall be used only with the authority of the directors or of a committee of the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined, every instrument to which the seal is affixed shall be signed by one director and by the secretary or another director.

18. NOTICES

18.1 Where a notice is sent by post, proof of the notice having been posted in a properly addressed, prepaid envelope shall be conclusive evidence that the notice was given and shall be deemed to have been given at the expiration of 24 hours (or 48 hours if sent by second class post) after the envelope containing the same is posted.

18.2 The words “or of the holders of any class of shares in the company” shall be omitted from regulation 113 of Table A.

18.3 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Society is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Society shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

19. ELECTRONIC COMMUNICATIONS

19.1 The Society may send or supply documents or information to members relating to the Society by making them available on a website or other electronic means.

19.2 Website and other electronic means include the Society’s website, electronic mail, fax and any other means while in an electronic form.

- 19.3 Documents and information that are to be supplied by electronic mail or fax shall only be sent or supplied to an address of a member specified for the purpose by that member.
- 19.4 The consent of each member shall be requested prior to the supply of documents or information on a website or via other electronic means.
- 19.5 Each member shall be deemed to have agreed to receive electronic communications if that member fails to respond to the Society's request for consent within 28 days of the date of notification of the request.

20. **WINDING UP**

Clause 6 of the Memorandum of Association relating to the winding up and dissolution of the Society shall have effect as if the provisions thereof were repeated in these Articles.

21. **INDEMNITY**

- 21.1 Subject to the provisions of section 310 of the Act every director (including an alternate director) or other officer of the Society shall be indemnified out of the assets of the Society against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the court, and no director (including an alternate director) or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Society in the lawful execution of the duties of his office or in relation thereto. Regulation 118 of Table A shall not apply to the Society.
- 21.2 The directors shall have power to purchase and maintain for any director, (including an alternate director) officer or auditor of the Society insurance against any such liability as is referred to in section 310 (1) of the Act and, subject to the provisions of the Act, against any other liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, (including as an alternate director) officer or auditor.

21.3 The directors may authorise the directors of companies within the same group of companies as the Society to purchase and maintain insurance at the expense of the Society for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 21.2.