

316 Investment Section Constitution and Rules

1 Constitution

(a) The 316 Club Investment Section (“the IS”) exists to facilitate the understanding of its members – friends and colleagues in MBDA Stevenage and predecessor companies - in the functioning of the UK Stock Market, its different classes of investments, with intentions to profit from the investments made by the club. However, no obligation to profit from the club’s activities is implied because the value of investments can go down as well as up.

(b) Any member of the 316 Club may apply to join the IS. Membership is limited to 24. Members of the 316 Club wishing to join shall apply to the IS Secretary to do so. Their application will be submitted to existing members prior to the next IS meeting and voted for approval at that meeting. A non-refundable payment to the Petty Cash account is payable when the applicant is accepted to membership.

(c) Membership requires a monthly contribution by bank transfer or a total investment of at least £1000. Additional payments may be made in accordance with Rule 2.2 (b). At all times, members’ funds remain their own, accessible after giving notice to the Treasurer. Members’ contributions buy “units” at the prevailing value at the close of the stock market on the last stock market working day prior to the day of the meeting.

(d) The IS shall maintain an account with a bank or Building Society. All IS monies shall be paid into this account except for monies from the disposal of Investments which may be retained by the IS’s stockbroker pending reinvestment. At least two officers (from amongst the Chairman, Secretary, and Treasurer) nominated by the membership shall have authority to access this account.

(e) For Petty Cash funds, the IS shall maintain a separate bank or Building Society account.

(f) The IS shall deal solely with Investments on behalf of its own members and shall neither deal on behalf of, nor advise, anyone in relation to Investments of any kind. The IS shall never borrow to fund investments nor provide loans to members for any reason. All its activities shall be directed to the mutual interest of its members.

(g) Investment trading costs shall be subject to review not less frequently than at each AGM and confirmed for use, or amended, all as agreed and recorded in the minutes of the relevant meeting.

(h) The IS shall at all times be compliant with any applicable HMRC regulations.

(i) Members wishing to resign from the IS shall provide the Treasurer with at least 8 days’ notice prior to the meeting at which the termination is to become effective.

(j) Members shall be bound by this Constitution which can be changed if confirmed by two thirds of the membership at a properly convened General Meeting.

2 RULES

2.1 Meetings

- (a) Regular IS Meetings shall be convened at monthly intervals to review the IS's investments, sales, and purchases. The Secretary and Treasurer shall submit formal statements, review unit valuations and declare members' holdings. All members are entitled to attend. Here they can both vote on proposals, and submit others provided they are seconded. All proceedings are minuted and distributed to the membership.
- (b) IS Meeting decisions are effective only if at least seven members are present. A proposer and seconder for any course of action is required before any vote is taken. Votes shall be carried by a majority of those voting without taking account of the value of members' holding
- (c) The calendar for monthly IS Meetings shall be published by the Secretary not less than six months in advance.
- (d) A monthly Portfolio Committee may meet prior to the IS Meeting to review the management and distribution of the IS portfolio and also consider any recommendations received from members. Recommendations from this sub-committee to the main IS meeting may proceed to vote without additional seconding. Meetings of the Portfolio Committee and any sub committees, research, or advisory groups, to support the IS shall have no executive authority.
- (e) Annual General meetings shall be held annually and not more than fifteen calendar months after the preceding AGM.
- (f) At each AGM, a statement of accounts shall be given by the retiring Treasurer together with the report of the Auditors. The Treasurer's report shall include a full record of the income and expenditure of the IS, a list of the assets of the IS, and its end of year valuation. The report shall also include a capital account for each member showing their total contributions and drawings together with the current value of their holdings.
- (g) At each AGM, the members shall elect a Chairman, Secretary, and Treasurer as officers of the IS and deputies, all of whom shall resign at the following AGM but be subject to re-election. Members shall also elect the IS's Auditors. If the Auditors are members of the IS, they shall be two in number and shall not be officers of the IS.
- (h) Extraordinary General meetings may be held following adequate notice of the date of the meeting, the agenda and details of the proposed decisions to be discussed.
- (i) Only General (Annual or Extraordinary) meetings may change these Rules by a vote by at least half the membership which may be submitted remotely.
- (j) Minutes of all meetings shall be held by the Secretary for a period of seven years.

2.2 Management of the Assets of the IS

(a) Members can request withdrawal of a specific number of units up to their maximum holding. Application to withdraw funds must be made to the Treasurer at least eight days before the meeting at which the payment will be made. The value of the member's holdings shall be calculated by multiplying the total number of units held by the member by the unit value of the total IS portfolio declared by the Treasurer at the IS meeting at which the withdrawal becomes effective.

If the withdrawal exceeds the current cash holding of the IS, the Treasurer shall sell stock to realise the cash required. No charge shall be incurred by the member concerned.

(b) Members may apply to purchase additional units. Applications for the purchase of additional units shall be made to the Treasurer in writing at least eight days before the next scheduled meeting. The funds shall be lodged in the IS's bank account prior to the meeting and if available shall be subject to a deduction for costs as defined in 2.2 (d) and the units so purchased will then forthwith be added to the member's account.

(c) Members may not transfer any part of their holding by any means to another member.

(d) Investment trading costs shall be paid from cash raised from subscriptions, dividends and sales. In order to allocate proportionately the cost of stamp duty to each member's subscriptions and sump sum investments, all new amounts invested shall be converted to units at a price which reflects the costs of investing those funds such as the brokers' spread, dealing costs and stamp duty. The methodology for both the purchase and sale of units shall be subject to review not less frequently than at each AGM and confirmed for use, or amended, all as agreed and recorded in the minutes of the relevant meeting.

(e) On the death of any member, the whole value of their equitable share in the assets of the IS shall be paid to the executor of the member following proof of their authority to act as such. Proof of probate is not required.

(f) On a monthly basis, accounts for each member shall be distributed, showing their total investment; any withdrawals; number of units held; and the current value of their holding.

(g) A member shall be nominated to prepare a tax summary for each member for inclusion in their annual tax return to HMRC.

2.3 Dispute Resolution

(a) Disputes relating to the interpretation of these Rules shall be mediated by the Chairman.

(b) If attempts by the Chairman to resolve a dispute fail they shall be resolved at a properly constituted General Meeting as defined in Rule 2.1 (h).

(c) In the event of a dispute arising in relation to a member's entitlement or valuation, the disputed issue will first be considered by the Chairman, Secretary, and Treasurer together. If resolution of the member's dispute is not achieved to the member's satisfaction, a Special General meeting to decide how to resolve the dispute shall be convened at which the member makes their case. Next steps to find a resolution shall be agreed at that meeting including, if necessary, the appointment of an external qualified arbitrator to be funded by the IS.

2.4 Winding up the IS

- (a) The IS may be wound up only following the passage of a resolution to that effect being passed by two thirds of the membership voting at a specially convened General Meeting.
- (b) All assets of the IS resulting from the members' subscriptions shall be paid back in proportion to the number of units held by each member.
- (c) All residual assets in the Petty Cash account shall be returned in equal shares to all the existing members.