

# Member Share Accounts

---

## Terms & Conditions

The **co-operative** membership

---

Central England Co-operative

## TERMS AND CONDITIONS

### Central England Co-operative Limited

#### Member Share Accounts - Withdrawable Share Capital

Please read these Terms and Conditions carefully before making the decision to invest in Withdrawable Share Capital.

.....

#### 1 Interpretation

1.1 In these terms and conditions:

“Act”	means the Co-operative and Community Benefit Societies Act 2014 and any subsequent re-enacts
“Board”	means the Board of Directors of Central England Co-operative Limited
“Code”	means Co-operatives UK’s Code of Best Practice on Withdrawable Share Capital;
“Member”	means a person who meets the criteria for membership and whose name appears on the register of members of Central England Co-operative Limited
“Office Holder”	means the personal representative of a deceased Member, the trustee in bankruptcy of a Member who is bankrupt, receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member’s assets
“Rules”	means the Rules of Central England Co-operative Limited;
“Share Account”	means a Members Withdrawable Share Capital account;
“Share Book”	means the book issued to a Member upon opening a Share Account for recording transactions to their account;
“Society”	means Central England Co-operative Limited;
“Withdrawable Share Capital (WSC)”	means shares with the associated right for the Member to withdraw and receive in return the value of their shares.

#### 2 Nature of Financial Interest

- 2.1 The Society operates WSC which allows Members to subscribe to share capital through using a Share Account opened in their name on request.
  - 2.1.1 Owning WSC is not the same as owning the shares of a company. It is primarily for the purpose of supporting the Society rather than making an investment. There are various important differences between WSC and company shares, and these are set out in the Appendix.
  - 2.1.2 WSC does not operate in the same way as a deposit account.
- 2.2 In operating WSC, the Society follows the Code which obliges it to provide terms and conditions to its Members of the nature of their financial interest in the Society and any change affecting it.
- 2.3 Members of the Society are the owners of one or more shares in the Society. If the Society is unable to meet its debts or other liabilities, Members risk losing some or all of the amount held in shares in the Society. Hence the Society’s shares are known as risk capital. This may make it inappropriate as a place to invest savings.
- 2.4 The Society does not require authorisation under the Financial Services and Markets Act 2000 to operate WSC. This has a number of important implications:
  - 2.4.1 The Financial Services Compensation Scheme (the Scheme), which covers bank, building society and credit union accounts, does **not** apply to Members’ shares in the Society. Members are not eligible to claim compensation under the Scheme in the event of the Society not being able to meet requests for withdrawal of shares, or the share capital being reduced if the Society is not able to pay its debts. This means that Members’ WSC is not protected.
  - 2.4.2 The Society is not subject to supervision by the Prudential Regulation Authority or by the Financial Conduct Authority in relation to WSC.
  - 2.4.3 The Financial Ombudsman Service does not apply to WSC or the relationship between Members and the Society. The Society’s Rules contain a dispute procedure for dealing with any complaints that arise.
- 2.5 The Society will inform Members of any changes to these Terms and Conditions that may affect their accounts, giving at least 30 days’ notice of any changes.

#### 3 Opening a Share Account

- 3.1 Only Members may put funds into WSC, which includes the requirement to have paid and held the minimum shareholding in the Society for six months.
- 3.2 To apply for a Share Account you will need to contact Member Services Team at Central England Co-operative Limited, Hermes Road, Lichfield WS13 6RH. Telephone 0800 050 1601.
- 3.3 When applying for a Share Account the Society will require two forms of identification for security purposes. Acceptable forms of identification are listed in the Appendix. The Society retains the right to request additional identification at any time.
- 3.4 When you have successfully opened a Share Account you will receive a Share Book. You need to keep this safe as this is used to record all share Account transactions. You will need to provide your Share Book to the Society when you make any contributions to, or withdrawals from your Share Account.

#### **4 Subscribing to Share Capital**

- 4.1 Subscriptions to WSC may be made via cheque or postal order made payable to 'Central England Co-operative'. You can also make a contribution by bank transfer - please contact us for details. Bank contributions must quote your name and Share Account reference number. Failure to do so may result in a delay in applying your funds. However you choose to pay into your Share Account or, if you want us to update your Share Book you will need to send it to the Society's Member Services Team at Central England Co-operative Limited, Eastern House, Hermes Road, Lichfield WS13 6RH.
- 4.2 The Society does not accept funds paid in cash or by standing order.
- 4.3 The Share Book will be updated with your transaction and returned in the post to you.
- 4.4 The Board has determined that the maximum permitted WSC amount in a Member's Share Account is £20,000.

#### **5 Making a Withdrawal from a Share Account**

- 5.1 Requests for a withdrawal from your Share Account should be made in writing, together with your Share Book, to the Society's Member Services Team at Central England Co-operative Limited, Eastern House, Hermes Road, Lichfield WS13 6RH. The Society does not accept Share Account withdrawal instructions via e-mail.
- 5.2 Except as outlined in sections 5.3 and 5.4, withdrawals of WSC can only be made by the named Member of the Share Account, and funds will be payable to that member only. A withdrawal will be processed when the Member Services Team receives a Member's instruction and confirms their identity. The Share Book will be updated and returned to the Member by post.
- 5.3 On the death of a Member, their personal representative(s) will be the only person(s) recognised by the Society as having title to their WSC. The amount of WSC held in their name will be paid to the personal representative(s) together with interest calculated at the relevant rate up to the date of such payment.
- 5.4 Any person entitled to a Member's Share Account by operation of law may be registered as the owner upon such evidence being produced as the Society may reasonably require, and in accordance with the Rules of the Society.
- 5.5 Withdrawals or the transfer of Share Account funds to a third party name are not permitted.
- 5.6 The Board, at its sole discretion, may suspend the right to withdraw WSC funds either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all withdrawal requests which have been received and remain unpaid at the time the Board suspends the right to withdraw. Where the suspension is for a fixed period such period may be extended from time to time by the Board.
- 5.7 During any period when the right of withdrawal has been suspended the shares of deceased Members may, if the Board agrees, be withdrawn by their personal representatives upon giving such notice as the Board may require and subject as

regards the amount payable on withdrawal to such deduction on withdrawal as the Board may from time to time determine.

- 5.8 In the event that you have not contacted the Society about your Share Account for three years, we may ask for further identification before we process your request.
- 5.9 If you wish to withdraw the whole of your balance from your Share Account you may need to close your account. You can speak to the Society's Member Services Team to help you understand your options.

#### **6 Closing a Share Account**

- 6.1 If you want to cease to hold any WSC in the Society you should send your Share Book together with written instruction to the Society's Member Services Team at Central England Co-operative Limited, Hermes Road, Lichfield WS13 6RH.
- 6.2 Upon receiving a Member's instruction to close their Share Account, and the Society confirming the Member's identity, funds will be sent via cheque by post made payable to the Member.
- 6.3 Upon a claim made by:
  - (a) A personal representative of a deceased Member; or
  - (b) The trustee in bankruptcy of a Member who is bankrupt;The Society shall transfer or pay any funds to which the Office Holder has become entitled as the Office Holder may direct them.
- 6.4 A Member may in accordance with the Act nominate any individual or individuals to whom any of their Share Account funds in the Society at the time of their death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a Member who has made such a nomination, the Society shall, in accordance with the Act, either transfer or pay the full value of the Share Account funds comprised in the nomination to the individual or individuals entitled thereunder.
- 6.5 The Society's Rules contain a procedure to be used if a Member moves away from their address and the Society is not able to contact the Member concerned, including the services of notices to the Member and a series of steps the Society must take. Members should be aware that if the Society is not able to contact an individual Member after going through this procedure WSC may be cancelled and transferred to a suspense account held by the Society for this purpose. Any amount in excess of £10 will continue to be held by the Society in the suspense account.

#### **7 Interest Rates**

- 7.1 Interest on Share Account balances is paid gross of any taxes into Members' Share Accounts at the end of the Society's financial year, which is in January.
- 7.2 Current interest rates can be found on the Society's website at [www.members.coop](http://www.members.coop).
- 7.3 Interest rates on Share Account balances are subject to variation and are reviewed from time to time by the Board.

- 7.4 Members may be liable for tax on the interest earned dependent upon their personal circumstances.
- 7.5 The Society currently operates 13 four-weekly financial reporting periods per annum. Interest is calculated on the lowest balance held by the Member in their Share Account during each of the Society's four-weekly financial reporting periods.
- 7.6 WSC held in the Society begins to accrue interest from the first day of the period after subscription, subject to the applicable rate of interest as referred to in sections 7.2 and 7.3.

#### *Illustration*

*If a member subscribes an additional amount of WSC to their Share Account in week two of one of the Society's financial reporting periods, they would begin to accrue interest on that WSC from day one of the next financial reporting period*

- 7.7 No interest will accrue on balances above the Society's maximum permitted WSC amount of £20,000.
- 7.8 Should the application of interest cause the balance held by a Member in their Share Account to exceed the maximum permitted balance of £20,000, the Society will request that the surplus funds are withdrawn by the Member.
- 7.9 No interest shall be payable upon any Share Account balance in respect of which a notice of withdrawal has been given in relation to any period after the date of the notice.

## **8 How to Make a Complaint**

- 8.1 Should you wish to make a complaint about our Share Account service, you can do so in writing to our Member Services Team at Central England Co-operative, Hermes Road, Lichfield WS13 6RH, telephone us on 0800 050 1601 or email [members@centralengland.coop](mailto:members@centralengland.coop)

8.1.1 The Financial Ombudsman Service does not apply to Members' WSC or their relationship with the Society.

### **Further Information**

For general information on your Share Account please contact our Member Services team on 0800 050 1601, or email us at [members@centralengland.coop](mailto:members@centralengland.coop)

You can also view these terms and conditions at [www.members.coop/membership/our-membership-scheme](http://www.members.coop/membership/our-membership-scheme)

Copies of the Society's financial report and accounts can be found at <https://www.centralengland.coop/your-co-op/reports-accounts>

## **Appendix**

Acceptable forms of identification:

### **To confirm your name**

- Current passport
- Current UK or European Photo Card driving licence (full or provisional)
- Current UK (old paper style) full driving licence (old style provisional is not acceptable)
- Current tax notifications (issued by HM Revenue & Customs), e.g. tax assessment, statement and notice of coding (P45s and P60s are not acceptable)
- Current benefits book or original notification letter confirming your right to benefits or state pension
- Construction Industry Scheme (CIS) sub-contractor's photo registration card or certificate: CIS(P), CIS(T), CIS5 or CIS6 (issued by HM Revenue & Customs)

### **To confirm your address**

- Recent systems generated or signed documentation from a regulated financial services sector firm indicating that the account/investment/insurance relationship exists and which contains your current address
- Current local authority tax bill
- Current UK or European Photo Card driving licence (full or provisional)
- Current UK (old paper style) full driving licence (old style provisional is not acceptable)
- A recent (not more than 3 months old) utility bill (excludes all mobile telephone bills)
- Current local council rent card or tenancy agreement
- Current benefit book or original notification letter confirming your right to benefits or state pension

HM Revenue & Customs correspondence addressed to the applicant at the applicant's stated address (provided that Tax Notifications have not been used as evidence of proof of name)

Please only send photocopies, not original documents, as these will not be returned. The Society will keep copies of these documents on file while your Share Account is open and for five years after it has closed.

## **Withdrawable share capital in a consumer retail co-operative society**

Withdrawable Share Capital (WSC) in a consumer retail co-operative society is fundamentally different from shares in a company. The following are the key differences, which are explained below:

- WSC is turned into cash by withdrawing the funds, not by selling the shares
- WSC does not increase in value
- WSC does not give the member a share in the underlying value of their society
- Co-operative shares do not form the basis for the distribution of surplus (dividends)
- Co-operative shares do not carry votes in proportion to the shares

### **Withdrawal not sale**

There needs to be a mechanism for a member to realise (turn into cash) the value of their shares in a society. In companies, this is done by selling the shares to somebody else. In co-operative retail societies this is different, because the shares are not transferable. Instead, shares are withdrawable, and a member can realise the value of their shares by withdrawing the money held in shares from the society, subject to any restrictions contained in the society's rules.

### **No increase in value**

Co-operative shares remain at the same (par) value. In other words a member is entitled to their money back, but no more. This is different from a company, where the value of shares can increase or decrease. The reason for this difference is explained in the next point below (Underlying Value).

### **Underlying value**

WSC does not give the member a share in the underlying value of their society, which is why WSC remains at the same value. By contrast, shares in a company do give shareholders a share in the underlying value of the company, which means that if the company was wound up whilst solvent, shareholders would receive a proportionate share of that underlying value (which might be more or less than what was paid for the shares). The Model Rules of UK consumer retail co-operative societies provide that on a solvent winding up, members are entitled to repayment of their WSC, but any remaining surplus after that is transferred to another co-operative society or Co-operatives UK.

### **Distribution of surplus**

The primary mechanism for a co-operative to distribute surplus or profits is via a dividend to members in proportion to their trade with the society. Although a society can pay interest on share capital as compensation to the members for the use of their funds, such interest is not a mechanism to share profits. By contrast, in a company the payment of a dividend to shareholders is the primary mechanism for a company to distribute surplus or profits.

### **Democratic control**

Co-operative societies operate on the basis of one member, one vote, not like companies where there is one vote per share.

.....  
For further details, please call 0800 050 1601  
or email [members@centralengland.coop](mailto:members@centralengland.coop)