

Bath & West Community Energy (BWCE) Share Withdrawal Policy

Adopted by the BWCE Board 6th December 2016

Updated September 2017 following change in registry provider

Purpose of this Policy Document

The policy on share withdrawal, as outlined within this document, provides background to members with regards the purpose of the policy as well as clarity around how and when they can request share withdrawal and how BWCE will respond.

Background

As outlined within our rules and highlighted in all share offer documents, shares in BWCE, a community benefit society, are withdrawable at the discretion of the board. This means that they are cancelled and subject to the society's financial standing and the provisions in its rules, the money paid for the shares is returned to the member(s) requesting the withdrawal. Shares are not transferable except on the death or bankruptcy of a member.

Board approval of share withdrawal is necessary in order for the Board to protect the interests of the society and its share capital. Funds raised via member investment are used to build community renewables projects which are long term, capital intensive projects. They are not as easily dismantled and turned into cash, which can be made available to investors, as some other types of investment. If funds were made available to members whenever they requested, BWCE may be unable to meet its objects as a Community Benefit Society. The board may then be unable to protect existing members' interests and its ability to deliver its community purpose would be severely compromised.

BWCE is also bound by the FCA's registration guidance, that states that the Board must ensure that a society should only allow the withdrawal of shares if, "it has trading surpluses that match or exceed the value of shares involved, and the directors believe that the society can afford to pay its debts taking into account all of its liabilities (including whether it will be able to pay its debts at the date of withdrawal, and for a year after that, any contingent or prospective liabilities,)"

However, BWCE recognises that members will want to withdraw shares for a variety of reasons and has built into its financial planning the ability to allocate increasing levels of funds from its projects' cash surpluses, year on year, to meet share withdrawal requests. Because of the nature of the society, there will be more cash available for withdrawals as the society matures. BWCE's financial projections, as published in its offer documents, assume all members' investment will be repaid over the 20-25year life of its projects.

In addition, BWCE continues to develop new projects and so will seek to raise further funds from new members. This process of new investment will also provide an opportunity for existing members to withdraw their shares.

Under BWCE's Community Benefit Society rules, shares will never be worth more than £1 and you may under exceptional circumstances be offered less than the value of your original investment. For example, if members wanted to withdraw shares at a point when shareholder funds, as shown within the annual accounts, were less than members equity.

Share Withdrawal Process

In order to make the withdrawal process as fair and transparent as possible the following process has been adopted.

Members may request the withdrawal of all or part of their share capital at any time, by completing the form that can be found on our website at www.bwce.coop/resources/bwce-documents, and returning it by email or post to Neville Registrars Ltd. The forms may also be requested directly from Neville Registrars.

Neville Registrars Ltd
Neville House, 18 Laurel Lane, Halesowen, B63 3DA
Tel: 0121 585 1131
Email: info@nevilleregistrars.co.uk
Website: www.nevilleregistrars.co.uk

Neville Registrars Ltd manages, on behalf of BWCE, its share and bond registers, member and bondholder details, interest payments to members and bondholders, share withdrawal and bond redemption

In order to remain a member of BWCE, members must keep a level of shareholding equal to or greater than the minimum level set by the board at that time.

All share withdrawal requests will be considered annually. Requests received by the society before the 1st July each year will be reviewed by the BWCE board at its first Board meeting following that date, usually by the end of July. Members requesting withdrawals will be notified of the board's decision as soon as possible after that meeting.

Share withdrawals will be considered in terms of BWCE's ability to meet requests from cash reserves without damaging the long-term viability of the society.

Share withdrawals will be dealt with on a first come first served basis. If withdrawal requests far exceed BWCE's available cash reserves in any one year, BWCE reserves the right to meet withdrawal requests on a pro rata basis.

On the death of a member, shares may be transferred to another party. However, if the wish is for those shares to be withdrawn, BWCE will deal with any request due to death of a member before all other requests. This is a specific type of transfer in accordance with the society's rules, the Co-operative and Community Benefit Societies Act 2014 or the law of wills and intestacy as applicable.

All share withdrawals that the BWCE board is able to meet from cash reserves will be dealt with as soon as possible following the July board meeting and the receipt of original share certificates, normally within 1 calendar month. The Board reserves the right to ask members who don't have their certificate to sign a document confirming that they recognise they no longer hold the shares to be withdrawn.

All shares will earn interest up to the point that they are withdrawn and funds returned. Outstanding interest (if payable) due on any capital withdrawn shall be paid at the same time as interest payments to continuing members.

Any share withdrawal requests received before 1st July, that cannot be met at that time, will first be taken into consideration during any fundraising or re-financing through additional share, bond or loan investment sought during the year.

If they still cannot be met, or if there is no additional financing undertaken during the year, they will be considered as priorities by the Board at the Board meeting after the following 1st July.

Summary of Process

1. Request for share withdrawal from member submitted at any time during year.
2. Member notified of the board meeting date after the 1st July cut off at which request will be considered
3. First board meeting after 1st July reviews all requests received during the year and assesses the level of funds available to meet share withdrawal requests. Meeting agrees amount to be allocated to share withdrawals and the member requests that can be met on a first come first served basis.
4. Members whose requests cannot be met in that year are informed that their request will be prioritised during any fundraise in the coming year or at latest in the following July's review of share withdrawal requests.
5. Members whose requests can be met are informed and funds repaid on return of share certificates

Example 1:

A member requests, in writing to the board of BWCE in January, to withdraw their shareholding of £5,000.

The Board acknowledges receipt of the request and informs the member that they will consider the request at the first Board meeting following the 1st July, which in that year will be held on the 12th July.

At the Board meeting, the board notes that there is the capacity to repay £50,000 of share withdrawals and they have had requests totalling £35,000.

The Board approves all share withdrawals, informs the relevant members and requests return of their share certificates. All share certificates are returned and funds are transferred with 2 weeks of the board meeting.

Example 2:

A member requests, in writing to the board of BWCE, to withdraw their shareholding of £10,000 in December.

The Board acknowledges receipt of the request and informs the member that they will consider the request at the first Board meeting following the 1st July, which in that year will be held on the 12th July.

At the Board meeting, the board notes that there is the capacity to repay £50,000 of share withdrawals and they have had requests totalling £60,000.

The Board approves share withdrawals for the first £50,000 worth of requests, as received by the Board.

The Board informs the members who had their share withdrawals approved and requests return of their share certificates. All share certificates are returned and funds are transferred with 3 weeks of the board meeting.

The Board inform those members whose requests were not approved that their withdrawal will be added to the target for a fund raise to be launched in September.