



Share Withdrawal Policy

AIM:

To set a policy regarding the withdrawal of share capital by The Locks Inn Community Pub Ltd (The Locks) shareholders (Members) without jeopardising financial security.

RULES:

- a. Under The Locks' rules, Members cannot sell their shares, but they can apply to The Locks to withdraw them, subject to the shares being held for **a minimum period of three years**.
- b. Any application for withdrawal **is subject to three months' notice**. However, the notice period can be waived at the Management Committee's discretion, subject to the financial circumstances at that time. Requests to be made by email to members@thelocksinn.com;
- c. The Management Committee may specify a **maximum total withdrawal** for each financial year – i.e. set a cap.
- d. On successful share withdrawal application, The Locks Management Committee would repay the capital value and cancel the shares.

This policy and The Locks Inn Rules comply with the Co-operative & Community Benefit Societies Act 2014, the Guidance on share withdrawal set out in the FCA's FG15/12 Guidance and the FCA Handbook (see Appendix 1).

SUMMARY:

1. The Locks is a Community Benefit Society (Society) governed by its rules and its affairs are managed by a Management Committee made up of Members of the Society, which exercises all of its powers.
2. The Locks Management Committee agreed this Share Withdrawal Policy and will set the cap and thus how much cash is available for the repayment of shares annually at the AGM.
3. At the same time, the Management Committee will decide if interest on shares can be set.
4. In determining the amount available for share repayment, the Management Committee will take into account the capital requirements of existing and future projects.
5. The total amount available for withdrawal as approved by the Management Committee will be communicated to all members and the Management Committee will then match the withdrawal requests.

- a. Special consideration will be given to requests for repayment in the event of the death of a member or in cases of hardship. The Management Committee will prioritise the withdrawal of shares for those Members who have died.
- b. The personal representatives of a deceased Member can apply for withdrawal of the Shares.

DETAIL

1. The Locks Management Committee will set an annual cap on the share movement at the same time it considers:
 - a. the interest rate payment;
 - b. potential alternative capital finance and
 - c. capital requirements of existing and new projects in the pipeline.
2. The cap on share movement will be announced at the AGM along with the interest rate payment. Because of the works still to be completed, the Management Committee decided on a cap of 3% or £21,000 of the total shareholding being withdrawn in each year. However, the cap can be exceeded subject to the financial circumstances at that time.
3. The Locks Management Committee will notify all members of the share withdrawal cap and ask interested parties to respond to the The Locks Membership Secretary by a given deadline as stipulated under the Rules above.
4. Following the deadline, The Locks Management Committee will review all withdrawal requests against the set cap.
5. If the aggregated withdrawal requests are less than the capped sum available, The Locks Management Committee will:
 - repay the applicant members in full
 - inform all members of the shortfall and the likely impact on future interest rates
 - consider how the excess cash can be most effectively used
6. If the aggregated withdrawal requests are more than the maximum target sum available, The Locks Management Committee will:
 - in the first instance, consider the viability of increasing the cash sum available to meet the demand through other sources of finance so that applicant members receive the full amount of their holding
 - decide that a shortfall of cash to meet the demand is unavoidable and repay all the applicant members a percentage of their total holding so that the available cash is apportioned pro rata. In order to settle the outstanding balance, these applicant members will be given priority should more cash become available, or, failing this, in the following year's process
 - inform all members of the outcome of this process
7. In addition to this annual withdrawal request process, The Locks Management Committee will give special consideration to requests for repayment in order to settle the estate of a member following their death and in other cases of hardship throughout the year.

- provided the annual cap has not been met, The Locks Management Committee will consider such requests on a first come first served basis. Approval will then be considered on merit and those that are not approved will be given priority in the following year's process
 - once the maximum repayment target has been met (cap), The Locks Management Committee will inform applicant members that they will be given priority should more cash become available
8. The Locks Company Secretary will notify:
 - applicant members of The Locks Management Committee decision and provide the share certificates directly to the Management Committee
 - the Management Committee by way of emailed minutes authorising the share withdrawals with breakdown of the payment details in each case.
 9. The Management Committee will check the share withdrawal requests against The Locks records and breakdown and then, once confirmed, will instruct The Locks to make the payments. The Locks will communicate with the member at this point regarding the bank account into which the payment should be made.
 10. The Management Committee will issue replacement share certificates to the members where appropriate.
 11. Members will be paid interest at the next time for interest payments, **if applicable**, for the period for which they have held shares.

REVIEW

1. This policy will be amended as necessary in the light of experience or following feedback in order to improve practice
2. Any changes to this policy must be approved by The Locks Management Committee

Agreed by THE LOCKS INN COMMUNITY PUB Management Committee 28th August 2024

Appendix 1 - FCA Rules

The Locks is registered with the Financial Conduct Authority (FCA). The FCA's guidance says that the Society should only allow withdrawal of shares if:

- a. its trading surpluses are the same as, or more than, the value of the shares to be withdrawn, and
- b. the Directors (Management Committee) believe the Society can afford to pay its debts, taking into account all its liabilities (at the date of the withdrawal and for a year after that) and the Society's situation at the withdrawal date.

Please refer to The FCA Handbook – Registration Function under the Co-Operative and Community Benefit Societies Act 2014 (RFCCBS) – Section 6.1.6 Withdrawable Shares

<https://www.handbook.fca.org.uk/handbook/RFCCBS/6/1.html>