

Change to our Rules 2014

One-page guide

Why am I being asked to vote on a change to Ecology's Rules?

We would like to make some changes to the Society's Rules that will enable us to issue new forms of capital instrument (i.e. shares) in the future. We made some preliminary changes to enable us to do this in 2012, but we now need to update them. This is as a result of new European regulations on capital and the development of 'model' Rules by the Building Societies Association in 2013.

Ecology is owned by its members and we cannot change our Rules without your permission, so we are bringing this matter to the 2014 AGM.

What are the Rules?

Our Memorandum and Rules together form our governance document. The Memorandum sets out our purpose and powers as a Society and the Rules govern the relationship between the Society and our members. The Rules include information such as eligibility to vote, appointment of Directors, AGM procedures and the raising of funds. You can find our current Memorandum and Rules [here](#).

What changes are you proposing?

You can find a detailed list of the changes we are proposing [here](#). You can also find a summary of the changes in our [Annual Review 2013](#). The changes include:

- Definitions of the types of share we can issue (including 'Deferred Shares' and 'Core Capital Deferred Shares' or 'CCDS')
- Introduction of a cap on the amount of dividend we can pay on shares
- Clarification of the order in which we would pay creditors if the Society were to be wound up (including holders of CCDS).

Why do these changes matter?

Like other building societies and banks, we need to hold a certain amount of capital as a protection against losses. To date, our capital has mainly consisted of retained profits, supplemented by subordinated debt (i.e. debt which, in the event the Society is wound up, will only be repaid after other loans and debt have been repaid).

Regulatory changes in the UK and Europe mean that subordinated debt is far less valuable to the Society as a form of capital. In the future, we may therefore decide to increase our capital by issuing a new form of capital instrument which ranks alongside retained profits. This might be because we want to grow at a faster pace or because the regulations require us to increase our capital. Changing our Rules now means that we will have the option of doing this, if we feel it is in the interests of our members.

Where can I find all the details?

You can find an overview of the changes in our [Annual Review](#) or a full list of the changes [here](#). You can download a copy of the proposed new rules [here](#).