

"Peter W Wilmot"

Subject: Memorandum and Articles Review

To: emagpr@yahoo.com

Date: Thu, 24 Apr 2003 11:38:14 +0100

Dear Mr Braithwaite

I refer to your letter of 21 March 2003 to Mr Treves.

You asked the Board to reconsider the proposals to be put regarding the numbers of members needed to call an Extraordinary General Meeting (EGM) and to propose a resolution at a general meeting.

Your comments have been carefully considered by the Working Group undertaking the review of the Society's Memorandum and Articles of Association, and by the Board.

As I mentioned in my e-mail of 27 January 2003, the Working Group previously expressed a preference for a requirement for a reduced number of members to requisition an EGM. However, the Working Group was concerned at the possibility that the right to request an EGM would be used for inappropriate purposes. It would therefore have wanted to incorporate a proviso akin to that adopted by Standard Life. We were advised, however, that in the Society's case the Companies Act would render such a provision ineffective if it were proposed in place of the provisions of that Act. In the absence of such a provision, a relatively small group of members might requisition EGMs for inappropriate purposes at frequent intervals, and at enormous cost to the Society. Accordingly the Board agreed that the Companies Act requirements should be retained.

The Working Group and the Board have reviewed the matter again and we have obtained further advice. We have now been advised that it would be permissible to establish a self-standing regime for 1,000 members to requisition an EGM, subject to a proviso along the lines of Standard Life's, in addition to (rather than in place of) the provisions of the Companies Act.

Accordingly the proposals to be put to the forthcoming AGM will include an amendment that would allow, in addition to the Companies Act provisions, for an EGM to be requisitioned by 1,000 members having the right to vote at general meetings, subject to certain conditions.

These conditions include that the Board need not convene such a requisitioned EGM if it reasonably decides that the only purpose would be to deal with business substantially the same as that discussed at a general meeting during the previous two years or to be discussed at another general meeting within the

next three months or that the requisition was being used to seek publicity for defamatory matter or for frivolous or vexatious purposes.

Similarly, we have been advised that a self-standing regime for members to requisition a resolution is permissible in addition to the provisions of the Companies Act in that regard. Thus the proposals will now provide for the requisition of a resolution to be put to an AGM either in accordance with the Companies Act or by 1,000 members having the right to vote, subject in the latter case to certain additional conditions.

These conditions include that the Board need not give notice of such a resolution if it reasonably decides that the only purpose would be to deal with business substantially the same as that discussed at a general meeting during the previous two years or to be discussed at another general meeting within the next three months or that the requisition was being used to seek publicity for defamatory matter or for frivolous or vexatious purposes. (The Working Group and the Board considered that the requirement should be **1,000** members, consistent with the revised proposal on requisitioning EGMs, rather than 500 as proposed by EMAG.)

Thank you again for EMAG's further contribution to the review of the Society's Articles. We hope that the proposals described above will receive EMAG's support.

Yours sincerely

Peter Wilmot
Company Secretary
