

Securities Houses Compliance Officers Group

SHCOG CONSTITUTION

1. OBJECTIVES

- 1.1 The primary objectives of the Securities Houses Compliance Officers Group (SHCOG or the Group) are as follows.
- to provide a forum for networking; and
 - to provide further education and training of compliance officers within the financial services industry.

2. MEMBERSHIP AND FEES

- 2.1 The members of the Group are primarily regulated financial services institutions although this is not a pre-requisite for membership.
- 2.2 The Steering Committee retains the right of veto over any membership application.
- 2.3 Annual fees for membership are charged at the discretion of the Steering Committee on a per organisation basis, the amount of fees being based on the number of compliance officers at the organisation. Where a member is not a regulated financial services institution the Steering Committee will determine the amount of fees to be charged based on the size of the institution.
- 2.4 Members who fail to pay their fees in a timely manner may have their membership rescinded at the sole discretion of the Steering Committee.

3. APPOINTMENT OF STEERING COMMITTEE AND OFFICERS

- 3.1 SHCOG is run by a Steering Committee whose purpose is to satisfy the objectives set out in 1.1 above.
- 3.2 Steering Committee Members shall be compliance professionals elected from SHCOG member firms. New Steering Committee members may be proposed at any time by a member of the Steering Committee (and by the membership to a member of the Steering Committee) and seconded by another. Election of a new member will follow approval of the majority of existing members of the Steering Committee. On an exceptional basis the Steering Committee may at its discretion elect a compliance officer from a non-member firm.
- 3.3 The number of members of the Steering Committee shall not be less than 8 nor more than 16 at any time.
- 3.4 All Officers will retire by rotation every 3 years but may offer themselves for re-election for a further term. On an exceptional basis the Steering Committee may at its discretion propose that a nominated officer serve beyond 2 terms.
- 3.5 There is no restriction on the period of serving on the Steering Committee subject to clauses 3.4 above, and 3.9 and 5.5 below.
- 3.6 The Steering Committee will elect the following Officers.
- 3.6.1 Chairman
 - 3.6.2 Deputy Chairman
 - 3.6.3 Secretary
 - 3.6.4 Treasurer

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- 3.7 Officers may resign by giving 3 months' notice to allow sufficient time for a replacement to be elected. Shorter periods may be agreed by the Committee in extraordinary circumstances.
- 3.8 Election and re-election of Steering Committee members and Officers will be made by simple majority vote of all members of the Steering Committee.
- 3.9 Steering Committee Members and Officers may be removed by majority vote of the Steering Committee in exceptional circumstances.

4. ROLES AND RESPONSIBILITIES OF OFFICERS

CHAIRMAN

- 4.1 The Chairman will be appointed for a term of 3 years but may offer him or herself for re-election for a further term.
- 4.2 Proposals for the appointment of a Chairman must be made to the Secretary (or Deputy Chairman, if the Secretary is standing for Chairman) by a member of the Steering Committee and be seconded by another.
- 4.3 Any number of candidates may stand for the position of Chairman.
- 4.4 Election of the Chairman will be made by simple majority vote of all members of the Steering Committee.
- 4.5 The Chairman shall have the casting vote in the event that the Committee is deadlocked on any matter.

DEPUTY CHAIRMAN

- 4.6 The Deputy Chairman will be appointed for a term of 3 years but may offer him or herself for re-election for a further term.
- 4.7 The Deputy Chairman will fulfil the obligations of the Chairman whenever the Chairman is absent.
- 4.8 The Deputy Chairman will have the casting vote in the event that the Committee is deadlocked on any matter and the Chairman is absent.

TREASURER AND SECRETARY

- 4.9 The Committee will elect one or more members of the Steering Committee as (i) Treasurer and (ii) Secretary (which may be one and the same person). The Treasurer and Secretary will be appointed for a term of 3 years but may offer themselves for re-appointment immediately.
- 4.10 The Treasurer will update the Committee on financial matters in conjunction with the Business Manager on at least a quarterly basis.

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- 4.11 The Secretary shall be responsible for overseeing with the support of the business manager the following:
- Organisation of committee meetings (including planning the agenda, circulating papers and monitoring agreed action points) and taking minutes;
 - that SHCOG maintains effective records;
 - that SHCOG operates in line with the governance standards as outlined in the constitution;
 - that correspondence to the committee is responded to as appropriate.

5. STEERING COMMITTEE

- 5.1 The Steering Committee meets on a regular basis, at least quarterly at the request of the Chairman. Delegates are not permitted.
- 5.2 4 members including at least two Officers constitute a quorum for any decision made by the Committee, subject to the additional requirements set out at 5.4 below.
- 5.3 A quorum as described at 5.2 shall be necessary for approving expenditure greater than £1,000, but less than £10,000. Expenditures below £1,000 may be approved by the Chairman or Treasurer or any person specifically delegated by the Chairman.
- 5.4 Changes to the Constitution, approval of accounts, approval of annual fee tariffs, individual items of expenditure of £10,000 or more and strategic decisions relating to a conference (including timing, commitment to venue and whether to proceed or cancel) shall be agreed by at least 75% of all Steering Committee members. If 75% of the Committee is not present at any meeting where such a decision is required, the recommendation will be circulated to the full Committee for their vote which must be provided within 5 business days. The Chairman may exercise the vote on behalf of any Committee member who has not responded within that time.
- 5.5 Steering Committee members must attend a majority of scheduled Committee meetings in any calendar year. Attendance may be in person or by phone. The Committee may replace any member failing to meet the minimum attendance requirement by simple majority vote.
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