

Name of model	White Rules
<b>General description</b>	<p>A worker co-operative registered under the Industrial &amp; Provident Societies Acts ("IPSA") as a bona fide co-operative.</p> <p>This model will be suitable for an employee-owned co-operative trading in any type of business, and where all capital needed will be raised through loans, grants, credit or retained profits (as the rules do not allow for the issuing of investment shares).</p> <p>As the rules specify that the members elect a Committee of Management, this model is suitable for businesses which expect to employ more than just a few workers (very small co-operatives will probably be managed collectively; see Yellow Rules).</p> <p>White Rules (1) feature a common ownership dissolution clause; White Rules (2) feature a joint ownership dissolution clause.</p>
<b>Key constitutional features</b>	<ul style="list-style-type: none"> <li>• All employees may be members. Only employees may be members.</li> <li>• One member, one vote.</li> <li>• The co-operative's governing body (board of directors) is called "the Committee of Management".</li> <li>• Committee members are elected annually by and from the membership.</li> <li>• Profits may be retained as reserves, distributed equitably amongst the members, or used for social or charitable purposes.</li> </ul>
<b>Details of provisions in model</b>	<ul style="list-style-type: none"> <li>• Membership is open to all employees aged 16 or over, although the co-operative may require employees to work a probationary period (not exceeding 12 months) before qualifying. However, the term "employee" is not defined, and co-operatives using these rules should establish regulations concerning the membership rights (if any) of part-time, casual and contract workers. Members may be expelled by a two-thirds majority vote of the membership.</li> <li>• Each member has to hold one share in the co-operative. These nominal £1.00 shares are of no value whatsoever, do not receive dividends, and are cancelled when a member leaves. The only reason they feature in the rules is to comply with the requirements of IPSA.</li> <li>• Members of the Committee of Management must be aged 18 years or over (another requirement of IPSA).</li> <li>• Officers. Members of the Committee elect from amongst their own number a Treasurer and Secretary, and any other officers they want.</li> <li>• Profits may be distributed amongst members in years when the co-operative trades at a surplus. Profits may either be distributed equally amongst the members, or in accordance with a formula which recognises the relative contributions made by members to the co-operative's business (e.g. in proportion to wages paid during the period, or hours worked, or taking account of length of service, etc.). Some or all of the profits may be retained within the co-operative as a general reserve, and the members may decide to make payments for social or charitable purposes.</li> <li>• Disputes between members are to be referred to an independent arbitrator for a ruling.</li> </ul> <p><i>White Rules (1)</i></p> <ul style="list-style-type: none"> <li>• Feature a common ownership dissolution clause. If the co-operative should be wound up by its members while it is solvent, then the members cannot share out its remaining assets amongst themselves. Any such assets must be passed on to another common ownership co-operative, or to a non-profit co-operative support organisation, or to charity.</li> <li>• Members of a common ownership co-operative are thus not beneficial owners of the business in the normal sense; rather they are stewards of the co-operative, looking after it on behalf of past and future members as well as themselves.</li> </ul> <p><i>White Rules (2)</i></p> <ul style="list-style-type: none"> <li>• Feature a joint ownership dissolution clause. If the co-operative is wound up while it is solvent, its remaining assets may be distributed amongst all those who have been members of the co-operative during the preceding six years, in proportion to each person's contribution to the business of the co-operative.</li> </ul>
<b>Technical data</b>	<ul style="list-style-type: none"> <li>• Governing statute: Industrial &amp; Provident Societies Acts 1965-78</li> <li>• Regulated by: the Financial Services Authority,</li> <li>• Corporate status: a corporate body with limited liability for members</li> <li>• Charitable status: this model would not qualify for charitable status</li> </ul>

**Please note, this is just a summary document, and it does not take into account any change in legislation since 2009. Contact Co-ops UK for more detailed, up-to-date model rules.**