Rules of the investment club

The investment club rules govern the day-to-day running of the investment club.

1. Activities of the investment club

The activities of the investment club must comply with the constitution its members have put in place. The constitution can only be changed if 75% or more of current members agree to the change.

2. Officers

The investment club will be managed by four officers: The Chairperson, Vice Chairperson, Secretary and Treasurer. The officers (Vice Chairperson, Secretary and Treasurer) will be elected at the annual general meeting of the investment club by a majority vote. Officers (Except the founding Chairperson) must resign at the next annual general meeting, but can be re-elected. If an officer leaves the investment club, dies or cannot carry out his/her duties anymore, a replacement can be chosen at the next ordinary club meeting. If the Chairperson dies or cannot carry out his/her duties anymore the Vice Chairperson will take over from the Chairperson and a new Vice Chairperson will be elected at the next general meeting. Other officers can be chosen to help the three main officers.

3. Meetings

a) The club will hold 11 monthly meetings each year and one annual general meeting, where members can vote on all matters. These meetings can accommodate Skype conferences considering not everyone will be able to make it to the physical meeting location at all times.

b) Dates and venues of meetings can change if the majority of members at a meeting agree to these changes. At least half of all members must be at a meeting for the decision to be valid.

c) All members will get minimum five days’ notice of meeting dates and venues.

d) A special general meeting can be called if four or more members want to discuss special items of business. The members must give a written request to the secretary, who must then give at least 21 days’ notice to all members.

4. Membership

The investment club will have a minimum of 2, and a maximum of 50 members at all times.

5. Election of new members

a) A new member will only be accepted if no other member objects to him/her joining at the meeting where the application is considered if at least 75% of the quorum accepts him/her.

b) A prospective member must be recommended by an existing member at a monthly club meeting, and must be seconded by another member. If all members at the meeting accept the new member, his/her name, ID and address will be included in the minutes of that meeting.
c) The investment club can refuse admission to any person without giving a reason.

d) When a new member joins the investment club, he/she will sign an agreement, pay the initial joining fee subscription (if applicable) and the first month’s subscription. This will buy the member units in the club’s investments, calculated according to investment club rules and the unit value at the time of joining.

6. Withdrawal of membership

a) When a member resigns they will receive their share in the investment club account (minus legal and brokerage fees) in full payment within 90-days of resignation.

b) Upon the death of an investment club member, their share value of the investment club holdings will be paid to their executor (minus legal & brokerage fees) in full payment within 90-days of the investment club meeting where the death was recorded.

7. Initial Lump-Sum subscription

a) All members will pay a joining fee of R1000. This will buy units based on the unit value at the time of joining.

b) This fee can be changed at the investment club’s annual general meeting or at a special general meeting.

8. Subscriptions

a) All members must pay a minimum monthly subscription of R255 per calendar month into the investment club’s bank account. Subscriptions must be paid on or before the 5th of each month by debit order.

b) Each member’s subscription will buy units based on the unit value declared at the previous monthly meeting, after paying for any brokerage fees.

c) The Treasurer will notify members at the monthly meeting if any member is behind in payments.

d) The monthly subscription and brokerage fees can be changed at the investment club’s annual general meeting or at a special general meeting.

9. Capital account

a) The Treasurer will value the investment club’s assets monthly and will report this at the next meeting. The value of investments will be based on closing prices recorded in the PSG holdings (or another reliable source of share price information).

b) The Treasurer’s monthly report will include:

- The current value of each of the club’s investments and the combined value of all investments
- A statement of unpaid accounts and cash in hand
- The total value of the investment club’s assets
- The current unit value

10. Members’ accounts

Each member will have his/her own account, showing:

- Total investments made (subscriptions, initial lump-sum and additional unit purchases)
- Total withdrawals made (units sold back to the investment club)
- Total number of units held and current value of holding
11. Member leaving the investment club

a) Resignations must be given in writing to the club President, Treasurer or Secretary at least seven days before the monthly meeting at which the member will resign.

b) Members leaving the investment club must sell all their units back to the investment club.

c) Members leaving the investment club will be paid the value of their units (based on the unit value declared by the Treasurer at the meeting where the member resigns), less any brokerage fees and any legal fees incurred due to the member leaving. They will also receive their portion of any surplus cash that the investment club is holding.

d) Members leaving the club will be paid out as soon as possible, and within 90 days of the meeting at which they resigned.

12. Additional units

The investment club can allow members to buy additional units. However, members keep equal voting powers on all matters. With exception to the special meeting clause by capital account.

13. Running costs

The expenses of managing the club will be recorded in the club’s cash account. These expenses will be paid from subscriptions and other income. The treasurer will keep a full and accurate record of all expenses to submit to the accountants annually.

14. Banking

a) The bank the investment club uses will be decided on at every annual general meeting. The choice of bank can be changed by a majority vote at a special general meeting.

b) All income (earned on investments or from the sale of investments) will be paid directly into the investment club’s bank account(s). However, members can agree that their stockbroker keeps the income from the sale of investments to buy other investments.

c) The investment club will instruct the bank not to give it an overdraft facility.

15. Stockbrokers

The investment club’s stockbrokers will be instructed that:

A) Only two named officers are authorized to buy or sell investments on behalf of the investment club.

b) No member is authorized to commit the investment club beyond the cash it holds.

c) All contributions to the investment club’s trading account must be made by electronic funds transfer (EFT) and no cheques are acceptable. Members must use their names and the investment club’s Account as a reference number (e.g. Joe Soap/123456).

16. Amendments of rules

The rules of the investment club can be changed at any club meeting where there are enough members for a vote to be valid. At least 75% of the members at the meeting must agree to the change.

17. Minutes

Minutes of investment club meetings will be kept and must be available for inspection by any member of the investment club at any reasonable time. (The minutes will be uploaded to a hidden sub section of www.platinumwealth.co.za and be made available to members)

18. Disputes

a) Any disputes about the interpretation of these rules will be decided by the chairperson or resolved at a special general meeting.
b) Any disputes about the valuation of a member’s share in the assets of the investment club or his/her entitlement to that share will be decided by an independent chartered accountant (CA) or Professional Accountant. The CA or Professional Accountant will be appointed by the chairperson and should the dispute be with the club’s chairperson, be appointed by the club vice chairperson. The chartered accountant or Professional Accountant must have at least seven years’ experience as a CA or Professional Accountant. The Professional Accountant or CA’s decision will be final. Any costs incurred to get this decision will be paid by the party who loses the dispute. If it is not clear who lost, fees will be shared between the investment club and the member or ex-member concerned.

19. Winding up

The investment club will be wound up if at least 75% of members agree to this at a special general meeting. When the club is wound up, all its assets will be divided among members (after paying any expenses) based on the number of units held by each member.

20. Tax liability

Members accept their proportional tax liability on the trading profits made by the investment club in any tax year.

The Treasurer will provide each member with the relevant tax certificates at the end of each tax year.