



STOCKPORT COUNTY SUPPORTERS' TRUST BOND SCHEME 2005



Terms and Conditions

Definitions

Stockport County Supporters Trust: STOCKPORT COUNTY SUPPORTERS SOCIETY LIMITED, incorporated and registered in England and Wales under the Industrial & Provident Societies Act 1965 with Society number 29273R whose registered office is at 1 Ingram Drive, Heaton Mersey, Stockport, SK4 3RH.

Trust: Stockport County Supporters' Trust.

Trust Board: the society board of the Trust, appointed in accordance with the rules of the Trust.

Bond Scheme: the Stockport County Bond Scheme 2005, a mechanism herein described, dated 30 July 2005 to establish a Contingency Fund containing money with the purpose of providing contingency funding to the Club, operated under the rules.

Bond: an investment in the Stockport County Bond Scheme 2005.

Bondholder: a holder of a bond.

Custodian: a custodian of the Bond Scheme.

Club: Stockport County Association Football Club Limited, a company incorporated and registered in England and Wales with company number 99380 whose registered office is at Edgeley Park, Hardcastle Road, Stockport Cheshire, SK3 9DD.

Contingency Fund: a fund, the purpose of which is to provide funding in certain circumstances for the Club.

Trading Partner: a company or other body or individual having a trading relationship with the Club likely to result in the Club becoming a creditor of such a company or body. For the avoidance of doubt, sponsorship of the club does not *per se* make a body a Trading Partner.

1. Purpose of the Bond Scheme.

- a. The Bond Scheme is for the purpose of providing contingency funds to the Club. Such funds may be required, in exceptional circumstances, by the Club, to provide money required to operate the Club. It is envisaged that such a requirement is unlikely to occur frequently.
- b. In the event that the Club requests such funds, the Custodians may agree to provide funding to the Club, at their discretion.
- c. Such funding will ordinarily be provided by means of a loan to the Club or a subscription for shares in the Club.
- d. A bond scheme has been chosen as it allows many people to participate in generating funds to support the Club, without diluting the shareholding in the Club held by the Trust on behalf of supporters. It ensures that each member of the Trust continues to have exactly the same stake in the Club, while allowing people to contribute more or less as they choose and as they can afford.
- e. A maximum of £400,000 of Bonds will be sold under the Bond Scheme.

2. Custodians.

- a. The Custodians shall be appointed by the Trust Board.
- b. The Custodians will be current elected or co-opted members of the Trust Board.
- c. There will be a minimum of 5 Custodians.
- d. Members of the Trust Board who are also directors or employees of the Club or directors or employees of a Trading Partner shall be ineligible to be Custodians.
- e. The duties of a Custodian are to maintain the rules of the Bond Scheme and to administer the Bond Scheme.

- f. Decisions of the Custodians shall be decided by a majority of Custodians present at a meeting of the Custodians, except for the decision to make part or all of the Contingency Fund available to the Club as contingency funding, which decision shall require an absolute majority of all Custodians.
- g. Custodians meetings may be called by any Custodian with a minimum of 24 hours notice. Custodians may attend in person, by telephone, by proxy or in any other suitable manner to be decided from time to time.
- h. A minimum of 3 Custodians' signatures will be required for the disbursement of funds to the Club, a minimum of 2 for the disbursement of other funds.

3. Investment in the Bond Scheme.

- a. Persons investing in the Bond Scheme must be at least 18 years of age
- b. Bonds will be bought at their face value in multiples of £50. £50 is the minimum. There is no maximum value to the holding of any one individual.
- c. Bonds can be bought at any time.
- d. Bonds can be bought by individuals, by companies and other corporate bodies, and by groups of individuals (with one person as the person registered as the Bondholder).

4. Redemption of Bonds.

- a. If the Contingency Fund has not been utilised as contingency funding by 30 July 2015, the Bonds will be redeemed shortly after that date. If all or any part of the Contingency Fund has been utilised for the purpose of providing the Club with funds, redemption (full or partial) will be at the discretion of the Custodians.
- b. Bonds cannot be redeemed before this date. Acquisition of Bonds should be viewed as a long-term commitment, with no guarantee of return or recovery.

5. Transfer of Bonds

- a. Bonds will be transferable. If a Bondholder finds someone who wants to buy their Bond, it may be sold.
- b. Upon the notification of such a sale to the Custodians, the rights of a Bondholder will be owed by the Bond Scheme to the acquirer and not the original Bondholder.
- c. Any payments due to Bondholders will be due only to the person properly holding the Bond at the date such a payment is due, whether that payment is an interest payment, a bonus payment or a Bond redemption payment. Payment will (at the discretion of the Custodians) be due regardless of the length of time the Bond has been held by the Bondholder.
- d. In the event that a payment is made to the wrong party due to non-notification of a transfer of a Bond, the person receiving the amount in error shall immediately make repayment of the full amount to the Bond Scheme.

6. Payments to Bondholders.

- a. All payments to Bondholders are at the absolute discretion of the Custodians, who will act in accordance with their obligations.
- b. The Bonds will accrue interest at a rate of 1% per annum on the face value of the Bond. This interest will accrue and be paid only on redemption of the Bonds.
- c. An amount based on net profits from cup runs beyond the first round of each competition (including TV revenue from cup matches) will be paid at the end of each season. This amount will be at the discretion of the Custodians, but is intended to be 25% of any net profit as determined by the Club, assuming that a full £400,000 of Bonds have been issued, or pro rata to this amount if fewer Bonds have been issued.
- d. All or part of any additional interest received by the Bond Scheme may be paid to Bondholders in each year at the discretion of the Custodians or may be accrued and paid out in subsequent years or when the Bonds are redeemed (fully or partially), at the discretion of the Custodians.
- e. It is the intention of the Bond Scheme that all payments should be made gross of tax. Bondholders are responsible for determining the correct taxation treatment of their investment, and making any relevant declarations or payments of tax.

7. Notifications.

a. Notifications required by Custodians

- i. Each year, the Custodians will make a report on
 - how much money is in the Contingency Fund, including interest received;
 - how much of the Contingency Fund, if any, has been used for contingency purposes;
 - what amount has been allocated in bonus payments to each Bond
 - how much the special cup bonus will be
 - who the Custodians have been throughout the previous year and who the current Custodians are
 - the dates on which payments (if any) are to be made to Bondholders
- ii. This report will be made available on the internet and at the Club, and may be emailed and/or sent to Bondholders
- iii. In the event that the registered address of the Bond Scheme is changed, Bondholders will be notified of the new address.

b. Notifications required by Bondholders

- c. The Bondholder must notify the Custodians, in writing, at the registered address, of any change of name or address, or of the sale of any of his Bonds.
- d. Anyone buying a Bond from a Bondholder must notify the Custodians that he has so done, giving his name and address.

8. Contingency Fund

- a. The purpose of the Contingency Fund is to provide the Club with financing in circumstances in which it requires such funding. These circumstances are intended by the club to be restricted to unforeseen cashflow problems.
- b. The Custodians have a duty to protect the Bond Scheme and to ensure that funds are available to the Bond Scheme to provide Bondholders with the payments set out in paragraph 4 and paragraph 6 of these terms and conditions.
- c. Notwithstanding the obligation set out in paragraph 8b, in line with the purpose of the Bond Scheme (set out in paragraph 1a), the Custodians will look favourably upon requests from the Club for contingency funding, even if granting such funds acts in contravention of the Custodians' obligations to the Bond Scheme and to Bondholders
- d. Where practical, contingency funds will be made available to the Club by means of a loan from the Bond Scheme to the Club, or by other means to be decided by the Custodians.
- e. The Contingency Fund may not be used for purposes other than the provision of contingency funding to the Club or paying monies to Bondholders as described in these terms and conditions.

Dangers of Investment

People should be aware that, in the event of the Club requiring contingency funding, there is no guarantee that the Contingency Fund will recover its money, and this in turn may lead to partial or total losses to Bondholders.

Bonds cannot be redeemed prior to 31 July 2015, and potential purchasers of Bonds should recognise the long-term nature of their commitment.

The Bond Scheme should be seen as a high-risk investment, with an above average possibility of losing money. Potential Bondholders should recognise the nature of the investment.

Applicable Law

These terms and conditions are the sole conditions for the Bond Scheme. In the event of dispute, the applicable law is English Law. All references in the document to the male should be taken as referring equally to females and singular to plural, and *vice versa*.