

Minutes of the Sixth Annual General Meeting of the Association of Financial Mutuals

At Lancaster London hotel, commencing at 1000 on 12 October 2015

1. The Chairman, Mike Rogers, opened the Annual General Meeting of the Association, and verified that there were no actions arising from the previous Meeting.

2. **Review of Progress**

The Chief Executive, Martin Shaw presented a review of the year and highlighted the progress made on the political and regulatory lobbying front in particular, as well as the other key priorities for AFM. There has been a good balance of effort across the main priorities. In addition, the Board asked that AFM devote time to exploring a viable long-term position for mutual representation, given concerns over AFM's future position.

Key outcomes included:

Issue	Impact
Mutuals Deferred Shares Act	Bill passed in record time and see positive engagement with Treasury to secure new forms of capital for sector
Mutuals and with-profits	The imminent risk to the survival of sector, as in earlier FSA papers, has abated, though the practicality of the solution is yet to be tested.
Governance	AFM reporting provides detailed analysis of governance standards in the sector.
Political engagement	Engagement with sector from Treasury at its highest for 20 years.
Strategic direction for sector	Launch of report will provide opportunity to test potential for greater collaboration and strategic direction in the sector
Relations with regulators	Better understanding of mutuals in PRA/ FCA. Proportionate regulation much more evident.
Meetings/ training	Approaching 1,000 days of training and networking provided for members.
Tax for mutuals	New tax regime cost-neutral for mutuals; further engagement with HMRC to reduce burden on mutuals.

3. **Plans and Budget for 2015/2016**

The Chief Executive set out the budget for 2015/16, and highlighted the dramatic reduction in member subscriptions over the last two years. This means income from Associates now exceeds that from members. The Board has acted to reduce PR and lobbying costs but is not able to produce a balanced budget. Current reserves are sufficient to cover the expected loss.

Key activities, on a business as usual budget include: continued work on Mutual Deferred Shares, lobbying with the new government, support for members on Solvency 2.

4. **Board Appointments**

The Chairman provided a brief overview of the nomination process for the Board this year. In accordance with the constitution, members of the outgoing Board of Directors are responsible for appointing a Board for the following term.

In accordance with best practice the AFM has moved to annual elections, and nominations this year were sought in June, and in July the Board reviewed those nominations to ensure the Board would be representative of all members.

Twelve nominations were received for 2015/16, as highlighted in the AGM notice, and these had all been accepted by the Board. There was no volunteer for Deputy Chair.

5. **Special Resolution to agree an EGM on 24 November**

Mark Goodale and Martin Shaw provided background on the Board’s decision to ask members to agree the need for change, and to hold an EGM in November. The difficulty in developing a coherent strategy, along with financial concerns were the key points made.

The Board has explored three options: for a new AFM to emerge, with smaller membership; to incorporate into AFM; or to dissolve AFM. Members will be asked to vote on these at the EGM.

Huw Evans, Director General of the ABI joined the discussion, to stress his personal commitment to making incorporation work, and to answer questions on the practicality of the arrangement.

Whilst accepting the relevance of the proposal to incorporate into ABI, some members also wanted to test appetite for a “new AFM” and invited those members interested to join them later in the day.

6. **Resolutions put to the AFM.**

The Chairman asked the members attending to consider and approve three resolutions. The nature of the resolutions and the results are tabled below.

	For	Against	Abstain
A. to approve the composition of the AFM Board	100%		
B. to receive and approve the accounts	100%		
C. to hold an EGM on 24 November	100%		

32 members voted on each resolution; all resolutions were duly approved.

7. **Any Other Business**

There being no other business the Chairman closed the meeting at 1042.