

Buying Shares for Children

For children 16 years or older you can buy shares in their name now under the normal share application/pledge process.

Children under 16, the following process needs to be followed:

- 1) Complete a separate share pledge form for the shares you want to buy for the child.
- 2) Complete it with your details including your name as the applicant.
- 3) Add a separate note as follows:

‘Shares being bought forENTER FULL CHILDS NAME AND DATE OF BIRTH.....’

You will receive a separate share certificates in relation to this share purchase.

You will be named as the share holder. There will also be a note on the share certificate as per the note above, i.e. ‘Shares bought forENTER FULL CHILDS NAME AND DATE OF BIRTH’

Because you are the shareholder (until migration) you will only have 1 vote even though you will have 2 separate share certificates. Your child will not have voting rights until migration is enacted.

When your child reaches 16 there is a process to follow detailed on the next page.

There are also some possible restrictions. Most important is that no migrations can be enacted until the community benefit society has had 3 full years of operation.

This process is required because community benefit shares are not allowed to be held by persons under the age of 16 and because shares are not transferable.

Procedure when child reaches 16

(Or 3 years of Community Benefits Society operation, whichever is later)

When the child reaches 16 years of age, you may apply to the Tollerton Flying Club Community Benefits society to migrate the shares to the child.

Under community benefits society rules, shares are not transferable, therefore this migration process will need to follow 2 procedures simultaneously:

- 1) You as shareholder apply to sell the shares back to the Community Benefits Society.
- 2) You apply to buy shares on behalf of the child from the Community Benefits Society.

The decision to allow the sale and purchase sits with the Tollerton Flying Club Community Benefits Society who under the rules of a community benefits society can refuse to allow the sale and purchase of share, though we would not anticipate that being the case and our intention is to facilitate the net nil (in share capital terms) sell and buy applications.

There are certain conditions that do apply under standard community benefit society rules, the most significant being:

- a) no shares may be sold until 3 years of community benefits society operations has elapsed. Therefore for children who turn 16 prior to this 3 year period elapsing, they will have to wait until the 3rd anniversary of the community benefits societies operations
- b) No more than 10% of shares can be sold back to the community benefit society in any one year. We would treat any sell and purchase requests under this child migration process as a priority, however, in the extremely unlikely scenario that in any one year, we had migration requests exceeding 10% of the share capital, we would have to defer the excess (over 10%) to a following year.
- c) Ultimately it is at the discretion of the Community Benefit Society as to whether to grant any request to sell shares back to the society and to purchase new shares.