



**REGISTERED UNDER**  
**THE INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1894-2014**  
**RULES OF**  
**RESONATE BEYOND STREAMING LIMITED**

**DEFINITIONS**

**1. Defined Terms**

In these Rules: -

- i. **“the Act”** means the INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1894-2014 and any amendments in force.
- ii. **“Cash”** includes cheques, electronic fund transfers, IOUs, promissory notes, cryptocurrencies and money orders.
- iii. **“Member”** a holder of a Founder, Collaborator, Music-Maker or Fan Share.
- iv. **“Qualifying Contribution”** means an agreed contribution which serves as a qualification for membership and thereafter determines a members participation in the dividend of the Cooperative. Qualifying contributions are set for Collaborator, Music-Maker and Fan Shareholders.

- v. “**Quorum**” a meeting in which a sufficient number of people are present to take decisions.
- vi. “**Ordinary Resolution**” means a proposal accepted by a majority of votes cast on a one-shareholder, one-vote basis, irrespective of shareholder class.
- vii. “**Class Resolution**” means a proposal accepted by a majority of votes cast in one shareholder class on a one-shareholder one-vote basis.
- viii. “**Special Resolution**” means a proposal accepted by a majority of votes cast in each shareholder class separately, on a one-shareholder one-vote basis, plus at least 66% of all members irrespective of shareholder class on a one-shareholder one-vote basis.
- ix. “**Reserves**” exclude the current year's profit and loss account.
- x. “**Collaborator Shares**” are shares owned by a member who makes qualifying labour contributions in the Cooperative, entitling her or him to participate in governance and receive a share of surplus.
- xi. “**Music-Maker Shares**” are shares owned by a member who makes qualifying user contributions and has an honest intention to distribute music and/or related products and services through the Cooperative’s platform, entitling her or him to participate in governance and receive a share of the surplus.
- xii. “**Fan Shares**” are shares owned by a member who makes a qualifying user contribution through the payment of an annual member contribution and who intends to use the cooperative’s platform and related products and services, entitling her or him to participate in governance and receive a share of the surplus.
- xiii. “**Supporter Shares**” are shares owned by a member who invests unremunerated labour or equity capital entitling them to a share of the Cooperative's assets and surplus. May only be issued to holders of

Collaborator, Music-Maker and/or Fan Shares. They do not in themselves confer voting rights at General Meetings.

- xiv. “**Founder Shares**” are shares owned by a Cooperative’s founding members, the signatories to the original application for this Cooperative, entitling them to govern the Cooperative before the first General Meeting in accordance with the Act, and thereafter expand their number and participate in the governance of the Cooperative in accordance with this rulebook.
- xv. “**Primary Class**” is the shareholder class in which a member’s vote will be counted during ordinary resolutions and special resolutions in General Meeting. It shall be assigned and re-assigned in accordance with an administrative process consistent with this rulebook.
- xvi. “**Secondary Class**” is any shareholder class in which a member holds shares but is not their primary class. A member may vote in any class resolution of their secondary class(es).
- xvii. “**Membership Contribution**” is a annual payment that must be paid by all Fan Shareholders. The exact payment will be set by the Board and approved at each AGM.
- xviii. “**Rulebook**” is this document, the rules of the Cooperative.
- xix. “**Operating Manual**” is the aggregated internal rules, policies and administrative procedures of the Cooperative.
- xx. “**The Registrar**” is the Registrar of Friendly Societies, the registrar of Cooperative Societies in Ireland.

## OUR COOPERATIVE

### 2. The Cooperative's Seal

The Cooperative shall have its name engraved on a seal, which shall remain in the custody of the Secretary. It shall only be used under the authority of the Board and shall be attested by the signatures of two Board members and the Secretary.

### 3. The Name of the Cooperative

The registered name of the Cooperative shall be displayed conspicuously at our registered office, places of business and printed on all our correspondence.

### "4. The Registered Office of the Cooperative"

The registered office of the Cooperative is 6-9 Trinity Street, Dublin 2, and Ireland.

### "5. The Objects of the Cooperative"

The Cooperative's objects are:

- a. to provide members with a music exchange platform, which enables the promotion, distribution, sale and/or exchange of music and related products and services.
- b. to undertake all activities related to the development and maintenance of the above.
- c. to engage in any transaction that may seem to the Board of the Cooperative to be directly or indirectly conducive to achieving the objects otherwise outlined in these rules.
- d. to advance Cooperative Values and Principles that create social capital through participatory management and democratic governance processes;
- e. to abide by the internationally recognised values and principles of cooperative identity as defined by the International Cooperative Alliance (ICA), in particular the values of self-help, self-responsibility, democracy,

equality and solidarity and the ethical values of honesty, openness, social responsibility and caring for others;

- f. to abide by principles of equality of opportunity and oppose forms of discrimination on the grounds of social class, race, ethnic origin, gender, sexual preference, age, disability and religion;
- g. to support the Platform Cooperative eco-system by financing organisations established to provide support and assistance to those wishing to found Platform Cooperatives.

## **6. The Liability of the Members**

The liability of the members of the Cooperative is limited.

## **7. The Powers of the Cooperative.**

The Cooperative has the power to do anything that is conducive to the furtherance of its objects, subject to constraints specified in these rules.

## **8. Initial Share Capital of the Cooperative**

The Cooperative's initial share capital is €7 – divided between 7 Founder Shares of a nominal value of €1 each.

## **9. Alteration of the Rulebook**

These rules may be altered only by Special Resolution per Clause 28,

# **MEMBERSHIP AND CAPITAL**

## **10. Admission and Expulsion**

The Cooperative is open to applications for membership by prospective members in the appropriate class without discrimination. The Board shall maintain in the Operating Manual containing an up-to-date account of: -

- i. all qualifying contributions agreed by members of each respective class in General Meeting by class resolution, or agreed by members irrespective of class in General Meeting by ordinary resolution,
- ii. current level of the membership contribution agreed by members in General Meeting by ordinary resolution,
- iii. the administrative process for admission to each membership class as determined by the Board, consistent with the Act and the rules in this Rulebook,
- iv. the probationary periods, if any, that apply before the issuance of Shares, as agreed in General Meeting by ordinary resolution,
- v. a code of conduct that all members must abide by as members of the Cooperative,
- vi. the administrative process for the expulsion of a Member, as agreed in General Meeting by Special Resolution.

## **11. Subscribing for Supporter Shares**

The Cooperative may take applications for the subscription of Supporter Shares by Members provided that the Board has determined it is in the best interests of the Cooperative to issue new Supporter Shares. The exact terms of issuance can be found at Clause 14 and 15. The Board shall maintain in the Operating Manual containing an up-to-date account of: -

- i. whether the Cooperative is currently issuing new Supporter Shares to interested members and the current maximum number of Supporter Shares which may be issued.
- ii. the administrative process by which members can apply for Supporter Shares, as determined by the Board, consistent with the Act and the rules in this Rulebook.

- iii. The administrative process by which prospective members can apply for Supporter Shares, as determined by the Board, consistent with the Act and the rules in this Rulebook.

## 12. Rights and Conditions of Shares

The rights and conditions attaching to shares are:

### i. Founder Shares:

- a. issued at a €1 par value to the natural persons who found the cooperative (the 7 signatories to this Rulebook and any member approved by a Founder Share Class Resolution before the first AGM after incorporation of the Cooperative)
- b. non-transferable and non-withdrawable
- c. one vote per shareholder at General Meetings
- d. 1c fixed preference dividend
- e. forfeited on holder's death, bankruptcy or insolvency
- f. cancelled without payment on dissolution
- g. cancelled on expulsion or withdrawal from the Cooperative.

### ii. Collaborator Shares:

- a. issued at €1 par value to natural or legal persons who make at least one qualifying labour contribution to the Cooperative, meet all other criteria for membership and are approved by a class resolution of all Collaborator Shareholders;
- b. non-transferable and non-withdrawable
- c. one vote per shareholder at General Meetings
- d. forfeited on holder's death, bankruptcy or insolvency

- e. cancelled after two consecutive accounting periods without making a qualifying labour contribution
- f. cancelled without payment on dissolution,
- g. cancelled upon expulsion or withdrawal from the Cooperative.

iii. Music-Maker Shares:

- a. issued at a €1 par value to natural or legal persons who make at least one qualifying user contribution, that honestly intend to provide music and/or other related products/services through the Cooperative's platform, meet all other criteria for membership and are approved as such by the Board;
- b. non-transferable and non-withdrawable
- c. one vote per shareholder at General Meetings
- d. forfeited on holder's death, bankruptcy or insolvency
- e. cancelled after two consecutive accounting periods without making a qualifying contribution
- f. cancelled without payment on dissolution,
- g. cancelled upon expulsion or withdrawal from the Cooperative.

iv. Fan Shares

- a. issued at par value to natural or legal persons who have paid their membership contribution and intend to make to use the Cooperative's platform and related services, meet all other criteria for membership and are approved as such by the Board;
- b. non-transferable and non-withdrawable
- c. one vote per shareholder at General Meeting
- d. forfeited on holder's death, bankruptcy or insolvency

- e. cancelled after the passing of one accounting period without making an annual membership contribution,
- f. cancelled without payment on dissolution,
- g. cancelled upon expulsion or withdrawal from the Cooperative.

### **13. Primary and Secondary Share Class**

Members may hold more than one class of share. In this case, a Member must choose one Primary Class. At each General Meeting, a Member shall have only one vote as a member of their Primary Class during all proposals requiring an Ordinary Resolution and Special Resolution.

All other classes in which the member holds shares will be their Secondary Class(es). Members may vote in Class Resolutions of all of their Secondary Classes and will participate in all applicable dividend distributions as a member of that class. The Board shall decide the administrative process by which a Member may choose and reassign their Primary Class in the Operating Manual. The Board may determine reasonable cooling-off periods during which a Member may not reassign their Primary Class.

### **14. Rights and Conditions of Supporter Shares :**

- i. issued to a natural or legal person that is a member of the Cooperative up to the statutory maximum allowed by the Act at the time, and the total maximum set by the Board as per Clause 16.
- ii. issued at a par value of €1 to prospective Supporters of equity capital upon payment and execution of their subscription.
- iii. confer no vote at General Meetings;
- iv. redeemable on retirement or death, and redeemable by the Cooperative under the rules in this Rulebook (as per Clause 17);
- v. Supporter Shares are not withdrawable.

## 15. Alteration of Share Capital

The Cooperative may issue new Founder, Collaborator, Music-Maker, Fan or Supporter Shares. The Cooperative may only issue new Founder, Collaborator, Music-Maker, Fan or Supporter Shares at par value.

## 16. Issuance of Shares

The total number of shares held by a member cannot exceed €100,000. The number of Supporter Shares that can be allocated to a member is capped at €100,000. The Board shall set the maximum Supporter Shares Capital that may be issued at any one time. Subject to these caps, the following rules apply:

- i. Every natural and legal person (director, employee, supplier or self-employed contractor) who makes an appropriate qualifying contribution will be issued a Collaborator Share at the end of their probationary period and the approval of Collaborator Shareholders by class resolution in General Meeting;
- ii. Every natural and legal person (user, musician, label, customer) who has completed the administrative process(es) outlined in the Operating Manual (and prescribed in Clause 10) for admission to membership by (i) making a qualifying contribution, (ii) paying any necessary membership contribution and/or (iii) making any necessary declaration that they intend to use the cooperative's platform will be issued a Share in either applicable class (Music-Maker Share or Fan Share).
- iii. Any member, whether a natural and legal person, approved by the Board may purchase Supporter Shares up to the maximum approved at the time.
- iv. A Share Register shall be maintained by the Secretary of the Cooperative, which will include a recording of the allocations, ownership and transfer of all shares (Founder, Collaborator, Music-Maker, Fan and Supporter).

## **17. Redemption of Supporter Shares.**

Providing a member is not in debt to the Cooperative, their Supporter Shares may be redeemed under the following terms using capital in the Cooperative's Redemption Fund. The Redemption Fund is limited to one half of the Cooperative's Reserves at the start of the accounting period.

- i. If the Redemption Fund contains no funds, members' Supporter Shares may not be redeemed except to settle a claim by a member's next of kin following the member's death.
- ii. Supporter Shares can be redeemed from the second year after their date of issue.
- iii. If the Redemption Fund contains sufficient funds, the Board may decide to redeem a fixed number of Supporter Shares using available capital in the Redemption Fund. No Supporter Share to which there are outstanding interesting payments due, may be redeemed until this interest has been paid in full.
- iv. If the Redemption Fund contains insufficient funds to redeem all issued Supporter Shares, the members holding Supporter Shares longest will be settled first, on a pro rata basis.
- v. The 5 members who have held the most Supporter Shares over the last 5 years should be listed, together with their contact details, at the start of the register of members. Nothing in these articles requires title of securities to be evidenced or transferred by a written instrument if the Act permits otherwise.

## **18. Treatment of Shares in the event of Death, Unsound Mind or Bankruptcy**

- i. For the avoidance of doubt, upon death, a member's Founder, Music-Maker, Fan and Collaborator shares are cancelled without payment, and the member's Supporter Shares will be redeemed at par value, then paid into their estate for the benefit of their next of kin.

- ii. For the avoidance of doubt, if found to be of unsound mind to the satisfaction of the Board and confirmed by a special resolution at a General Meeting, a member's Founder, Music-Maker, Fan and Collaborator shares may be cancelled without payment, and the member's Supporter Shares will be redeemed at par value, then paid to a legally appointed trustee or held in trust by the Cooperative until such a person is duly appointed.
- iii. For the avoidance of doubt, upon bankruptcy, a member's Founder, Music-Maker, Fan and Collaborator shares are cancelled without payment, and the member's Supporter Shares will be redeemed at par value, then paid to a trustee or assignee of their bankruptcy.

#### **19. Valuation of the Cooperative**

Pre-emption rights are excluded. The Cooperative is valued at the start of every financial year, and this is the " Reference Value ". Thereafter, the Reference Value shall be calculated as the book value of fixed assets plus 20 (twenty) times the Supporter Share for the previous accounting period. A Class Resolution can require revaluation of the Cooperative or any of its assets.

#### **20. Withdrawing from Membership**

A member can choose to terminate their membership at any time, subject to these rules. A non-exhaustive list of such means is listed here for clarity. The administrative processes for withdrawing from membership shall be set out in the Operating Manual.

- i. A Collaborator Shareholder may terminate their Collaborator Shares by (i) terminating any contractual relationship they have with the Cooperative, (ii) resigning any post held under these rules or (iii) declaring an intention to the Board that they no longer wish to contribute non-remunerated labour to the Cooperative.
- ii. A Music-Maker or Fan shareholder may relinquish their share(s) by (i) not paying their next annual Membership Contribution and/or (ii) making a

declaration to the Board that they no longer wish to use the Cooperative's platform.

- iii. All Collaborator, Music-Maker and/or Fan Shares held by a withdrawing member shall be forfeited.
- iv. None of the above alters that Supporter Shares can only be redeemed according to the rules otherwise set out in this Rulebook.

## **21. Borrowing and Investment by the Cooperative**

**Borrowing:** the Board may exercise all the powers of the Cooperative to borrow money at commercial rates, and to mortgage or charge its undertaking, property and assets (present or future) and to issue debentures provided that:

No borrowing is authorised that exceeds the value of the Reserves unless:

- i. The lender does not take a charge over the assets of the Cooperative;
- ii. the loan amount or credit agreement is unsecured (i.e. does not require the Cooperative to offer security);
- iii. the borrowing secures for the Cooperative an asset or contract with a value greater than the amount borrowed.
- iv. the borrowing is authorised by an Ordinary Resolution.

**Commercial Investments:** the Board may exercise all the powers of the Cooperative to make commercial investments, provided that the sum invested does not exceed one half of Reserves.

The balance of Reserves must be held in current or deposit accounts, low-risk stocks, bonds or accessible savings accounts.

## **GOVERNANCE IN THE COOPERATIVE**

### **22. General Meetings**

The Committee of Management ("the Board") may call General Meetings and, on the requisition of members holding a tenth or more of the shares in any

class, must convene a General Meeting for a date not later than 6 weeks after receipt of the requisition. General Meetings may be held offline at a specific time and place or through an online collaborative decision-making platform using technology agreed by members at a General Meeting and appended to these rules.

### **23. Attendance at General Meetings**

Attendance at an offline General Meeting may take place remotely using any real-time teleconferencing platform. All off-line General Meetings must provide for remote attendance by a member. The Board will be responsible for ensuring such a member has all reasonable means to participate in the deliberation at the General Meeting.

### **24. Prescribed General Meetings**

The first Founder Shareholders will hold an extraordinary General Meeting at the earliest available opportunity after the formation of the Cooperative. Thereafter, in each financial year, a minimum of one General Meeting will be held in addition to the Annual General Meeting (AGM).

- i. No business shall be transacted at a General Meeting unless a quorum of members is present. Unless and until otherwise decided by General Meeting, 8% of the membership shall be the quorum, subject to the number of members being less than [1000].
- ii. any member in attendance as outlined in Clause 23 shall count towards the quorum.
- iii. In the event of the membership exceeding [1000] the quorum shall be 5%.
- iv. In the event of the membership being less than [100], the quorum shall be one-half subject to a minimum of [3].
- v. An invitation to all members to join an online collaborative decision-making platform before a General Meeting shall be sufficient to satisfy the rules regarding a quorum providing all resolutions on which a vote is required

are posted to the online collaborative decision-making platform two weeks before the meeting.

- vi. No business shall be transacted at an off-line General Meeting until the meeting has agreed a chairperson. Online General Meetings will not require a chairperson. Whenever a Chairperson is in post, the Chairperson will chair an off-line General Meeting. If a Chairperson is not in post, or the Chairperson is not present, the meeting will elect one of the Board members to chair the meeting. If no Board member is present, the meeting may elect a chairperson from those present.

## **25. Setting Corporate Policy**

The Board will propose corporate policy to a General Meeting. The General Meeting will approve corporate policy and take decisions about acquisition and disposal of property, and partnership arrangements with other organisations.

- i. A proposal to acquire another organisation may be taken by Ordinary Resolution.
- ii. A proposal to merge or sell the Cooperative must be put as a Special Resolution.
- iii. A proposal to wind up or dissolve the Cooperative must be put as a Special Resolution.

## **26. Operational Authority**

Corporate policy is implemented by a Chief Executive Officer (CEO) or an Executive Team appointed by the Board. The Board will stipulate their authority whenever appointed, unless otherwise stipulated in these rules.

- i. All operational authority not otherwise reserved in these rules vests in the Chief Executive Officer or Executive Team.

- ii. The Chief Executive Officer or Executive Team is the only agents of the Cooperative that may direct employees, contractors and volunteers in the exercise of their duties.
- iii. The Chief Executive Officer or Executive Team are agents of the Cooperative for the purposes of engaging with third parties.
- iv. The Chief Executive Officer or Executive Team may enter into contracts with third parties on behalf of the Cooperative with the prior approval of the Board.
- v. When no Chief Executive Officer or Executive Team is in post, the Board member who has made the most qualifying contributions as a Collaborator Shareholder will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team can be appointed.
- vi. If the situation in clause 26.(e) arises, and two or more Board members have the same number of qualifying contributions, the longest serving member will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team is appointed.

## **27. Rights of Attendance at General Meetings**

Every Founder, Collaborator, Music-Maker and Fan shareholder can attend, speak and propose resolutions at a General Meeting, can stand (subject to clauses 37 and 38) for election as a Board member and can cast one vote at General Meetings, subject to the restrictions listed below.

- i. Any member of the Cooperative wishing to attend and speak at a General Meeting must be a member, in good standing, for at least 3 months before the date of the General Meeting.
- ii. Any member of the Cooperative voting on a resolution at a General Meeting must be a member, in good standing, for at least 6 months before the date of the General Meeting.

- iii. Any member of the Cooperative proposing or seconding a resolution at a General Meeting must be a member, in good standing, for at least 9 months before the date of the General Meeting.
- iv. Any member of the Cooperative standing for election must have been a member, in good standing, for at least 12 months before the date of the General Meeting.
- v. Clauses 27(a)-(d) do not apply to Founder Shareholders.
- vi. Clauses 27(a)-(d) do not take effect until after the first AGM and until the Cooperative has more than 5000 members.
- vii. The Board may suspend the requirements at Clauses 27(a)-(d) by a unanimous Board resolution, for the maximum of two consecutive General Meetings at a time.
- viii. The standing orders for General Meetings may prescribe that speaking time may be allotted based on (i) number of years of membership and/or (ii) number of tokens held by members as per Clause 49.

## **28. Amendments proposed at General Meetings**

Amendments to these rules must be proposed at a General Meeting called for this purpose, with the proposed amendments being circulated with the notice convening the meeting. The amendment must be approved by a Special Resolution.

- i. Any Board member may make a proposal to amend these rules.
- ii. Members making up 10% of any member class may make a proposal to amend these rules.
- iii. Member making up 5% of the total membership may make a proposal to amend these rules.
- iv. If an amendment is passed and complies with the Act, the Secretary is responsible for registering the amendment with the Registrar.

## 29. Proxies

Any person can act as a proxy for a member at General Meeting. An instrument appointing a proxy must be in a form approved by the Board and included in the Operating Manual. A member may act as a proxy for 1 other member unless otherwise agreed in General Meeting by ordinary resolution.

## 30. Voting

Decisions at off-line General Meetings are made by passing resolutions with a show of hands, unless a poll is demanded by at least 2 members. At online General Meetings, decisions are made by approving a member proposal using the collaborative decision-making tools adopted by members.

- i. For Ordinary Resolutions taken by a show of hands (or on-line vote), Founder, Collaborator, Music-Maker and Fan shareholders have one vote each, irrespective of the number of shares held and irrespective of the class(s) of shares held.
- ii. For Ordinary Resolutions where a poll is called, only Collaborator Shareholders, Music-Maker and Fan Shareholders vote. Each shareholder votes once, irrespective of the number of shares held. Founder shareholders vote only if they also hold Collaborator, Music-Maker or Fan Shares.
- iii. If a poll is requested by at least 2 members, the chairperson must offer each shareholder class a chance to pass a Class Resolution to determine whether the resolution is amended to a Special Resolution per Clause 32 before proceeding with the poll.

## 31. Vote Weighting

On a show of hands, online vote, or poll, every member who is present in person or by proxy, has one vote.

- i. In the event of a poll, the total number of Collaborator, Music-maker and Fan votes for and against the resolution will be recalculated using the

following formulae (see clause 50 for [Collaborator Share Fraction], [Music-Maker Share Fraction] and [Fan Share Fraction]):

- ii.  $[\text{Collaborator Votes For}] / [\text{Collaborator Votes Cast}] * [\text{Collaborator Share Fraction}]$
- iii.  $[\text{Collaborator Votes Against}] / [\text{Collaborator Votes Cast}] * [\text{Collaborator Share Fraction}]$
- iv.  $[\text{Music-Maker Votes For}] / [\text{Music-Maker Votes Cast}] * [\text{Music-Maker Share Fraction}]$
- v.  $[\text{Music-Maker Votes Against}] / [\text{Music-Maker Votes Cast}] * [\text{Music-Maker Share Fraction}]$
- vi.  $[\text{Fan Votes For}] / [\text{Fan Votes Cast}] * [\text{Fan Share Fraction}]$
- vii.  $[\text{Fan Votes Against}] / [\text{Fan Votes Cast}] * [\text{Fan Share Fraction}]$
- viii. The total vote for the resolution is the aggregate of i), iii), and v)
- ix. The total vote against the resolution is the aggregate of ii), iv), and vi)
- x. For the resolution to pass, the aggregate of i), iii), and v) must be greater than 0.5, otherwise the resolution is not passed.

Worked Example – Taking a Poll for an Ordinary Resolution at a General Meeting  
 Collaborator Votes Cast: 17 Collaborator Votes For: 5 =  $5 / 17 * 20\% = 5.9\%$   
 Collaborator Votes Against: 12 =  $12 / 17 * 20\% = 14.1\%$   
 Collaborator Share Fraction: 20%  
 Music-Maker Votes Cast: 170 Music-Maker Votes For: 40 =  $40 / 170 * 45\% = 10.4\%$   
 Music-Maker Votes Against: 130 =  $130 / 170 * 45\% = 34.6\%$   
 Music-Maker Share Fraction: 45%  
 Fan Votes Cast: 170 Fan Votes For: 40 =  $40 / 170 * 35\% = 8.2\%$   
 Fan Votes Against: 130 =  $130 / 170 * 35\% = 26.8\%$   
 Fan Share Fraction: 35%  
 Total For =  $5.9\% + 10.6\% + 8.2\% = 24.5\%$   
 Total Against =  $14.1\% + 34.6\% + 26.8\% = 75.5\%$   
 The resolution is defeated.

### **32. Special Resolution by Class Resolution**

A Class Resolution passed by any shareholder class can amend an Ordinary Resolution so that it becomes a Special Resolution (with the exception of contract terminations).

A Special Resolution is passed if:

- i. a majority of votes cast in each shareholder class separately (on a one-shareholder one-vote basis) are in favour of the resolution;
- ii. at least [66%] of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis.

### **33. Declaration of a Resolution Result**

Unless a poll is demanded, a declaration by the chairperson at the meeting (or announcement in an online forum by the Cooperative) that a resolution has been carried or lost, and an entry to that effect in the book containing the minutes of the proceedings (or equivalent record in an online collaborative decision-making forum) shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against a resolution.

### **34. Written Resolution**

A written resolution signed by all members is valid as if properly passed at a General Meeting.

### **35. Non-Invalidation of a General Meeting**

The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive notice.

### **36. The Resonate Board**

The Cooperative shall have a committee of management (the Board) of between three and nine directors.

### **37. Board Composition – Under 30000 Members**

If the Cooperative has fewer than [30000] members, Board members will be proposed by the Founder Members or existing Board members and approved by Ordinary Resolution.

- i. The Board shall elect a Chairperson, Treasurer and Secretary from among their number at the first Board Meeting after each AGM, and may fill all casual vacancies as they arise.
- ii. A Board member may be removed at General Meeting by an Ordinary Resolution.

### **38. Board Composition –**

If the Cooperative has 30001 or more members, a Board and a Chairperson will be elected annually as follows:

- i. Collaborator Shareholders will elect one Board member (one will be subject to re-election by every two-years).
- ii. Music-Maker Shareholders will elect a maximum of three Board members (one will be subject to re-election by rotation every three-years).
- iii. Fan Shareholder will elect a maximum of two Board members (one will be subject to re-election by rotation every two-years).
- iv. Founder Shareholders will elect one Board member, who may be removed only by the Allocations set out in 31(f).
- v. One Board member may be appointed (co-opted) by the other Board members for their specialist financial skills.
- vi. The CEO shall be a non-voting ex officio member of the Board.
- vii. If the minimum number of Board members can not filled at a General Meeting under the above process, the remaining number of Board members may be elected individually by an Ordinary Resolution.

- viii. A Board member may be removed from office at any General Meeting by a Class Resolution of a shareholder class that elected him or her, or by Ordinary Resolution.
- ix. A Cooperative Chairperson will be elected from the Board members on a poll of all shareholders (one vote per shareholder) at the Annual General Meeting (or in the case of a casual vacancy a General Meeting). The Chairperson has a non-executive role in the running of the Cooperative, and is responsible for overseeing board meetings, maintaining the public image of the Cooperative, and facilitating good communications between Board members, the Executive Team and cooperative members. The Chairperson has a casting vote at board and General Meetings, but is not required to use it. No member of the Executive Team may be elected the Cooperative Chairperson.
- x. The Board may fill any casual vacancies in the role of Cooperative Chairperson until the next General Meeting.
- xi. The Board will elect a Treasurer and Secretary from among their number at the first Board Meeting after each AGM and may fill any casual vacancies as they arise.
- xii. A Board member cannot be removed by other Board members except at General Meeting (as set out in clause 31 (f)). However, if the Board has reasonable cause to believe that a Board member has committed gross misconduct, they may exclude that Board member from board meetings for no more than 6 weeks pending a General Meeting to consider this issue.

### **39. Board Meetings**

Board meetings may be held between General Meetings by any means defined within the Act, and/or through an online collaborative decision-making platform.

- i. All motions may be passed either by a vote at an offline meeting or through an online collaborative decision-making platform.
- ii. Minutes shall be kept of every meeting and these shall be published on the Cooperative's website - subject to appropriate redactions for commercial sensitivity, data protection, privacy or confidentiality requirements.
- iii. All acts done by any meeting of the Board or by any person acting as a member of the Board, even if it be afterwards discovered that there was some defect in the appointment of any Board member or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be an Board member.

#### **40. Indemnification for Board Members and Officers**

The Cooperative may pay for Board members' and officers' indemnification against liabilities related to Cooperative business, excluding negligence and/or fraud.

### **EXPENSES, BENEFITS AND PAY**

#### **41. Member Expenses**

Providers of labour (board members, executive team members, employees, self-employed contractors) may be paid reasonable expenses wholly incurred in relation to furthering the interests of the Cooperative.

- i. A schedule of acceptable fringe benefits and expenses may be agreed by Ordinary Resolution. Any expenses paid, or fringe benefits provided, outside the scope of an agreed schedule must be itemised in the annual accounts.
- ii. Fringe benefits and expenses must be itemised and recorded in such a way that they can be inspected by any member during normal office hours.

## 42. Remuneration

Remuneration has three components: Basic Wages, Collaborator Share dividends and Supporter Share interest.

- i. Each provider of labour is subject to one or more contracts, (employment contract, contract for services or Cooperative membership) which controls the manner in which they are remunerated for their labour. These articles, including subsequent modifications, are part of any contract between the Cooperative and those providing labour (Board members, shareholders, employees, self-employed contractors). All members of the Cooperative shall be provided with a copy of these rules upon agreement or variation of a contract to supply labour.
- ii. Labour may be recognised solely through cooperative membership and remunerated solely through Collaborator Share dividends. A formal contract of employment will be issued if, in the view of the Board, employee status tests used in employment tribunals have been, or are expected to be, satisfied (i.e. a person works regular hours, receives regular pay, has agreed holiday entitlements and is subject to regular supervision etc.).
- iii. If the Cooperative issues contracts of employment to members of staff, the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be [5:1]. This ratio can only be amended by a Class Resolution in a meeting of Collaborator Shareholders. This ratio may not be amended by Ordinary Resolution.
- iv. The Board may negotiate employment contracts with the CEO and/or the Executive Team. If the Cooperative issues contracts of employment to members of staff, the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be [5:1]. This ratio can only be amended by a Class Resolution in a meeting of Collaborator Shareholders. This ratio may not be amended by Ordinary Resolution.

#### 43. Payment in Supporter Shares

Providers of labour (Board members, employees, self-employed contractors) may, subject to mutual consent, be part-paid by the issue of Supporter Shares, credited as fully paid.

#### 44. Total Revenue and Profit

- i. "Total Revenue" means sales plus earnings from services provided plus any other income, but excludes proceeds of new issues of securities or loans obtained
- ii. "Profit" is equal to Total Revenue less the cost of materials and services, less depreciation, less rents, less interest.
- iii. "Associated Costs" means the costs directly associated with a given amount of Pay, including employee's and employer's contributions to insurance schemes, superannuation, healthcare plan, childcare, staff club and any other benefits deducted from pay, together with sickness, maternity, paternity or other statutory pay, and PRSI income tax.

#### 45. Distribution of Surplus to Reserve and the Cooperative Commitment

"Surplus" is equal to Profit, less Pay including their Associated Costs, less Corporation Tax.

- i. The first [€50,000] of Surplus or 20% thereof (whichever is greater) will be allocated to the Reserves as working capital. This amount will be deducted from Surplus before calculating Music-Maker Share Dividends, Fan Share Dividends, Collaborator Share Dividends and Supporter Share interest
- ii. Half of the Surplus transferred to Reserves will be held in a "Redemption Fund" to satisfy member requests to withdraw Supporter Shares as set out in Clause 17.
- iii. 1% of Surplus will be distributed to a nominated organisation supporting the development of Platform Cooperatives. The first General Meeting after the formation of the Cooperative shall pass, by ordinary resolution, a

motion nominating such an organisation. A motion may be passed by ordinary resolution at any subsequent General Meeting amending the recipient organisation

#### **46. Payment of Preferred Interest to Supporter Shareholders**

Supporter Share Interest is paid before Collaborator, Music-Maker or Fan Share dividends.

- i. If the Surplus is less than €50,000 no interest payment is made that year.
- ii. The "Supporter Share Fraction" is [0.1] and the "Supporter Allocation" is [Surplus] x [Supporter Share Fraction]. This may be changed only by special resolution.
- iii. The Supporter Allocation is divided pro rata between all Supporter Shareholders based on the number of Supporter Shares held by each member.
- iv. No dividends are paid on Supporter Shares. Interest is calculated as follows:
- v.  $\text{Supporter Allocation} \times (\text{Number of Supporter Shares held}) / (\text{Total Supporter Shares Issued})$
- vi. The interest must be paid within 6 calendar months of the end of the accounting period. Interest at the Cooperative's Bank overdraft rate is to accumulate on unpaid amounts after this time.

#### **47. No Dividend Payment in Best Interest of the Cooperative.**

If the Board honestly believes that payment of a dividend to members for the previous accounting period would threaten the viability of the Cooperative, it may bring a motion to the next AGM (or an EGM called for the purpose) to cancel any obligation to issue a dividend that year. This may be passed by an ordinary resolution.

#### **48. The Payment of a Dividend**

If the Annual Surplus is less than €50,000, no dividend payment is made that year.

The Preferred Interest to Supporter Shareholders is calculated and paid per clause 46, before the dividend is calculated and distributed. This [Member Surplus] is the [Surplus], minus Supporter Interest Payments. Dividend payments to Collaborator, Music-Maker and Fan Shareholders is calculated by multiplying [Member Surplus] (if greater than zero) for the relevant period by the [Collaborator Share Fraction], [Music-Maker Share Fraction] and the [Fan Share Fraction]. If [Member Surplus] is less than or equal to zero, no Collaborator Share, Music-Maker Share or Fan Share dividends are paid.

#### **49. Resonate Member Tokens**

The distribution of the dividend to each member shall be determined according to the number of qualifying contributions a member has made to the Cooperative. Each contribution shall be recorded in the form of a token corresponding to the value of the contribution and the applicable member class (Collaborator Tokens, Music-Maker Tokens and Fan Tokens). The Board shall maintain a register of token-holders alongside the Share Register and ensure that it represents all qualifying contributions made by the members to date.

#### **50. "Collaborator Share Fraction", "Music-Maker Share Fraction" and " Fan Share Fraction"**

The Collaborator Share Fraction is [0.2], the Music-Maker Share Fraction is [0.45] and the Fan Share Fraction is [0.35] and may be changed only by Special Resolution.

#### **51. Distribution of Dividend to Collaborator Shareholders**

At the end of an accounting period, the Collaborator Allocation is distributed as dividends to each Collaborator shareholder using the following formulae:

[Collaborator Allocation] x (Number of Collaborator Tokens held / Total Collaborator Tokens on the register)

## 52. Distribution of Dividend to Music-Maker and Fan Shareholders

At the end of an accounting period, the Fan Allocation is distributed as dividends to each Fan shareholder using the following formulae:  $[\text{Fan Allocation}] \times (\text{Number of Fan Tokens held} / \text{Total Fan Tokens on the register})$

At the end of an accounting period, the Allocation is distributed as dividends to each Music-Maker shareholder using the following formulae:  $[\text{Music-Maker Allocation}] \times (\text{Number of Music-Maker Tokens held} / \text{Total Music-Maker Tokens on the register})$

## ACCOUNTING AND AUDITING

### 53. Preparation and Auditing of Returns

Financial and social accounts will be prepared for the Board and General Meetings by a person with appropriate bookkeeping and accounting skills / qualifications. They will use accounting conventions agreed by the Board, or as required by the Act. Any member or person authorised in writing by a member may inspect the accounting records during normal working hours by appointment.

- i. The Secretary shall be responsible for ensuring the following process is undertaken each accounting period:
- ii. The board shall recommend a choice of financial and social auditors for approval in General Meeting.
- iii. The selected financial auditor shall audit the cooperative's financial accounts prior to their approval in General Meeting for filing with the Registrar of Friendly Societies.
- iv. A copy of the last annual returns of the Cooperative, along with the auditor's report and all other documentation required by the Act, will be

sent to the Registrar. All such documents will be provided to the Registrar on application.

- v. The last copy of the balance sheet and auditors report shall be kept hung on the wall of the Cooperative's registered office and published on the Cooperative's website.
- vi. An audit committee of up to four people (comprising non-Board members from at least two shareholder classes) will be elected at the third AGM, and each AGM thereafter. The purpose of the audit committee is:
  - a. to assist and check the preparation of financial records presented to General Meetings so that they are accurate, authentic and meet the needs of members;
  - b. to assist and check the preparation of the information needed for a social audit;
  - c. to organise elections in accordance with Clause 38;
  - d. to record, check and authenticate that the procedures are being followed when voting takes place in a General Meeting.
  - e. to regularly review the Board has maintained up-to-date records of all qualifying contributions made by members.

#### **54. Allocation of Returns, the Rulebook and Member Registry**

These rules shall be publicly available online at the website of the Cooperative. All Operating Manuals and registers shall be available in printed form as required.

- i. The Registrar will be provided with the Member Register and Share Register, including the name, address and holdings of each member, before every third AGM. The Board will provide the same in the interim at the Registrar's request or as required by the Act.

- ii. Any member can request, and will be provided with a digital copy of the cooperatives accounts and Operating Manuals. They may request a written copy for the charge of €10 per document collecting from the registered office, or €10 per document plus postage charges.
- iii. 10% of the membership of the Cooperative may:
  - a. apply to the Registrar to appoint an accountant to inspect the books of the Cooperative subject to Section 18 of the Act,
  - b. apply to the Registrar to appoint an inspector and
  - c. apply to the Registrar to call a special General Meeting.

## **55. Appointment of Independent Professionals**

Accountants, Auditors and Independent Experts. These must be chosen by ordinary resolution.

- i. The financial auditor (if appointed) shall be from a Recognised Qualifying Body (RQB).
- ii. Accountants, Auditors and Independent Experts shall require the accounts to record Members Capital and Cooperative Capital separately.

## **56. Member and Cooperative Capital**

- i. "Members' Capital" is defined as the sum of the value of members' Supporter Shareholdings.
- ii. "Cooperative Capital" is defined as the sum of grants and donations received from public authorities, charitable bodies and other asset-locked social enterprises (e.g. community benefit societies or community interest companies).

## **DISPUTE RESOLUTION AND DISSOLUTION**

### **57. Labour Contract Revaluations.**

In the event of a dispute, the escalation procedure is:

- i. Valuation by a recruitment agency or recruitment consultant agreeable to all parties.
- ii. Appeal (with resolution) subject to a vote at General Meeting;
- iii. An EXTERNAL MEDIATION SERVICE chosen by the Board.

#### **58. Relationship Disputes.**

In the event of a dispute between two or more members, the escalation procedure is:

- i. Mediation by the Chairperson, or Board member, a management consultant, trade union official, Co-operative Body official, Social Enterprise Europe Director, FairShares Association Founder, or other third-party agreeable to all parties;
- ii. Appeal (with resolution) subject to a vote at General Meeting;
- iii. An EXTERNAL MEDIATION SERVICE chosen by the Board.

#### **59. Voluntary Dissolution**

The members of the Cooperative may pass a Special Resolution at a General Meeting dissolving the Cooperative. Upon voluntary or involuntary dissolution, a qualified accountant or auditor will calculate the value of “residual assets” ([members’ capital] + [accumulated profit and loss account] + [assets – liabilities]). After satisfaction of all creditors, residual assets will be distributed to Supporter Shareholders in proportion to their shareholding, up to the nominal value of their shareholding, after satisfying the following requirements.

Thereafter, the remainder will be assigned to an organisation with objects including the promotion of the development of platform cooperatives:

- i. In finalising the dissolution of the Cooperative, and subject to the requirements of Insolvency Law, debts and payments to creditors and shareholders will be satisfied in the following order:

- ii. Outstanding debts to employees, workers and contractors (e.g. wages/fees)
- iii. Outstanding debts to other priority creditors (e.g. VAT and taxes)
- iv. Outstanding debts to suppliers (e.g. unpaid supplier invoices)
- v. Outstanding debts to other creditors (e.g. loan balances)
- vi. Division of remaining residual assets to Supporter Shareholders. Any remaining assets will be divided equally between Supporter Shareholders in proportion to number of shares held at the end of the previous year's trading, up to the nominal value of their shareholding. For the avoidance of doubt, changes in balances since the previous year-end will be ignored for the purposes of calculating the share of residual assets paid out when the Cooperative is dissolved.
- vii. All remaining residual assets will be assigned to an organisation with objects including the promotion of the development of platform cooperatives.