

IFS CODE OF CONDUCT

(Amended 25 September 2002)

The Institute's Memorandum and Articles of Association determine the relationship between its Ordinary Members, Council Members and Executive Committee Members. The purpose of this note is to provide guidance as to how the relevant Articles will be interpreted in practice in relation to the conduct of Members. It is issued by the Executive Committee under its express authority to determine who is eligible for membership of the Institute, on what conditions, with what associated rights and privileges and subject to what qualifications, restrictions and conditions.

Ordinary Members

Applications for membership of the Institute may be approved or rejected by the Executive Committee, which receives a report on changes in membership at each of its meetings. In practice the Executive Committee would only reject an application if, exceptionally, it had good reason to believe that the applicant would not subscribe to the Memorandum and Articles or abide by this Code of Conduct.

Each member agrees to contribute up to £1 in the event of winding-up of the Institute, and to pay regular membership subscription as determined by the Executive Committee.

The Council has the right for good and sufficient reason to terminate membership, provided that the Member concerned has the right to be heard by the full Council before a final decision is made. Examples of reasons which might lead to membership being terminated include:

- (i) In particular, if the membership subscription is in arrears by more than three months and after written notice has been given, remains unpaid for a further month, membership will be terminated.

- (ii) Members are reminded that entry into membership of the Institute is not by examination and as such Members should not imply any academic or professional standing by way of being a Member and should not use any initials such as MIFS after their name. Abuse of the Institute's name could lead to membership being terminated.

(iii) Members should not make remarks that are deemed likely to bring either the Institute or any individual closely associated with it into disrepute. No Member, including Members of the Council and Executive Committee, should purport to represent the views of the Institute without the authority of the Executive Committee. Should a Member have any concerns regarding any matters relating to IFS research or how the Institute is managed they should in the first instance raise it with the Director. If they were not happy with any forthcoming reply the matter should be raised with the Chairman of the Executive Committee and thereafter if necessary with the full Executive Committee whose Members are considered by the Charity Commission as being the Trustees of the Institute. Any Member considered by the Council to have brought the Institute into disrepute may have their Membership terminated.

Council Members

Council Members are elected by the Ordinary Members in general meeting, from among their numbers, for a term of three years. Council Membership is vacated in the following circumstances (Article 12.3):

A Member of the Council shall vacate his office if:-

- (i) he becomes bankrupt or of unsound mind; or
- (ii) he resigns his office by notice in writing to the Institute; or
- (iii) he becomes prohibited from acting by virtue of any provision in the Companies Act; or
- (iv) he ceases to be a Member of the Institute (see above for grounds for termination).

Executive Committee Members

The Council elects the Executive Committee from among their numbers. The Executive Committee is responsible for managing all the business of the Institute other than matters reserved for the Council or for general meetings of all Members. In addition to their obligations and responsibilities as Council and Individual Members, the Executive Committee Members constitute the Trustees of the Institute for the purposes of the Charities Acts. They are therefore accountable to the Charity Commission, and in particular as Trustees they must:

- act strictly in accordance with the charity's governing document;
- act in the charity's interests only and without regard to their own private interests;

- manage the charity's affairs prudently and take a long-term as well as a short-term view; and
- not derive any personal benefit or gain from the charity without express legal authority.

According to Charity Commission guidance (paragraphs 44-47 of *Responsibilities of Charity Trustees - CC3*) the principles needed to guide Trustees when administering their charity are:

- The income and property of the charity must be applied for the purposes set out in the governing document and for no other purpose. It must be applied with complete fairness between persons who are properly qualified to benefit from it. The trustees of charities with permanent endowment must, for example when selecting investments for the trust, maintain a fair balance between the interests of present and future potential beneficiaries.
- The income of a charity must be applied for its purposes within a reasonable period of receipt, unless the trustees have an explicit power to accumulate it. Without such a power, the trustees should not allow the charity's income to accumulate unless they have a specific future use for it in mind. If the trustees are allowed a discretion about the use of the charity property, but are in some doubt about the proper exercise of that discretion, they should ask the Charity Commission for advice.
- Trustees are required to act reasonably and prudently in all matters relating to the charity and need always to bear in mind that their prime concern is the interests of the charity. They cannot let their personal views or prejudices affect their conduct as trustees. They need to exercise an appropriate degree of care in dealing with the administration of their charity. Whilst the standard of care referred to in the Trustee Act 2000 only applies directly to the exercise of the powers and the discharge of the duties set out in the Act (or corresponding constitutional powers) it seems likely that it will be applied by analogy to other aspects of charity administration as well.
- Where trustees are required to make a decision which affects the personal interests of one of their number, the governing document of the charity may require that that person should not be present at any discussion or vote on the matter. Even where it is not a requirement in the governing document, trustees should follow this procedure as a matter of good practice.

In all matters, the decisions of the Executive Committee, as Trustees of the Institute, or of the Council (as appropriate) will be final.

25 September 2002