



THE NATIONAL PAWNBROKERS ASSOCIATION

RULES OF THE ASSOCIATION

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A. Introduction

1.1 Objective

The National Pawnbrokers' Association ("the Association" and "NPA") is a company whose object is to provide both a central organisation for the pawnbrokers of Great Britain and Northern Ireland and International members who comply with the principles of the NPA. The NPA provides a forum for the examination and discussion of all relevant questions relating to the Pawnbroking business in the United Kingdom, with a view to the promotion and maintenance of high standards of business conduct and professional competence, which it enforces. It raises issues and concerns with regulators, and ensures the media, customers and other stakeholders understand the principles and workings of Pawnbroking. The objective of these rules is to further that objective and to set out in detail certain rules which members of the Association are required to observe. NPA members must also comply with the NPA Customer Code.

1.2 Authority

The legal authority of these rules arises from Articles 46 and 47 of the Articles of Association ("the Articles") which empower the Association in the furtherance of its objects, through its Council ("the Council"), to make bye-laws, rules and regulations with regard to the affairs and management of the Association. However, the moral commitment of members to support the Association and to respect these rules is of no less practical significance.

1.3 Contents

The rules deal with the terms of membership of the Association and the setting up of an appeal procedure. Words conveying a singular number may apply to a plural number and vice versa; words conveying the masculine gender include the feminine gender.

B. RULES

1. Membership

1.1 The members of the Association shall be any company, individual or firm who, in the opinion of the Council, carries on or is involved in the carrying on of a Pawnbroking business, and, who, having applied for membership and having satisfied the Council on the following matters:

- 1.1.1 that every person who is a director, controller or manager of the applicant is a fit and proper person to hold that position; and,
- 1.1.2 that the applicant conducts its business and competition in a legal and prudent manner; in relation to advertising, promotion and other Consumer Credit regulations and Acts,
- 1.1.3 that the applicant will support the objects of the Association and not take any action which is prejudicial to the interests of the Association, and having been accepted for membership of the Association, pays such membership fee, subscription and registration fees as may be required and continues to satisfy such requirements as the Council may from time to time impose. Such requirements may include checks at any time made by or at the direction of the



officers of the Association.

- 1.1.4 Any prospective member wishing to join the Association must apply in writing in such a form as may be prescribed by the Council. Such form will include the following but is not exhaustive:
- (a) the nature of any business other than Pawnbroking carried on by the applicant,
 - (b) the date and number of the applicant's Consumer Credit License
 - (c) details of the applicant's business type
 - (d) the period that the applicant has operated both his business and any Pawnbroking activity
- 1.1.5 In the case of each member, every individual acting with executive authority as a director in the case of a corporation, or partner in the case of a firm, or who is a sole trader, or any individual acting in an executive capacity on behalf of such a director, partner or sole trader in the business of pawnbroking, will be required to be registered by the Association as responsible for ensuring adherence to these Rules insofar as they relate to each individual's activities on behalf of the members.
- 1.1.6 Any individual registering under the provisions of Rule 1.1.5 who is not a director or partner or a sole trader must supply in addition to the personal details specified under Rule 1.1.5 the following:
- (a) the basis of the contractual obligations which he has to the director(s) or partner(s) acting as his principal and/or employer,
 - (b) the name of any previous principal on whose behalf the applicant acted and the circumstances in which he ceased so to act.
- 1.1.7 The application for membership shall be made to the Chief Executive of the Association who will visit the applicant and access the application based on the following criteria: each member must;
- (a) Hold a current consumer credit license and be FCA authorised and regulated
 - (b) Register to comply with Anti Money Laundering regulation with the relevant authority.
 - (c) Have operating appropriate Pawnbroking software to enable the member to discharge their business in a professional manner
 - (d) Conduct business from suitable premises with appropriate appearance and image
 - (e) Have installed appropriate and effective security systems to protect items left in their care safely and discharge their responsibilities to their customers.
 - (f) Provide security for staff
 - (g) Demonstrate a thorough knowledge of the business of Pawnbroking
 - (h) Have the utmost integrity
 - (i) Demonstrate the adequacy and efficiency of their record keeping
 - (j) Promote and support the profession and the Association
- 1.1.8 A report on that visit will be submitted to the Council of the Association by e-mail who will then respond within a week either accepting the candidate outright or;
- (a) Provide recommendations as to the changes required for the application to



- be acceptable for membership,
- (b) Highlight any concerns that Council may have which if it was minded to grant admission as a member would need to be monitored for a period of time,
- (c) Reject the application giving reasons for so doing.
- (d) Successful candidates will be notified in writing and following payment of their subscription will become members of the Association.

2. Membership Appeals

In the event of membership being declined as per 1.1.8 (c) above there is no right of appeal.

3. Reporting of Changes

- 3.1 A member shall give written notice forthwith to the Association of the occurrence of any of the following:-
- 3.1.1 the presentation of a petition for the winding up of the member or of a company in the same group as the member;
 - 3.1.2 the appointment of a receiver, administrator or trustee of the member;
 - 3.1.3 the making of any proposal for a composition or arrangement with creditors of the member;
 - 3.1.4 where the member is a partnership, the taking of any steps (whether by a partner or by any third party) to dissolve the partnership;
 - 3.1.5 where the member is an individual, the presentation of a petition for a bankruptcy order against the individual or an award of sequestration;
 - 3.1.6 the granting, withdrawal or refusal of an application for, or revocation of a license under the Consumer Credit Act 1974;
 - 3.1.7 the conviction of the member, or any registered individual of the member, for an offence under legislation relating to companies, consumer credit, insolvency, or for any offence involving fraud or dishonesty,
 - 3.1.8 any change in the identity or particulars of registered individuals and, in the case of a corporation or firm, any change in control or in the identity or particulars of directors or partners must be reported to the Chief Executive within fourteen days of such a change.
 - 3.1.9 a change in the address or telephone numbers of the principal place of business or registered office, or of any branches, of the member must be reported in accordance with 3.1.8 above, and any new branches.
 - 3.1.10 summary dismissal of any registered individual. If a person ceases to be a registered individual of a member in any manner other than by summary dismissal, the member shall give written notice of that fact to the Association, as soon as possible and in any event within fourteen days after the change occurs.



3.2 Membership shall cease if:

- 3.2.1 a member tenders a written resignation; or
 - 3.2.2 a member fails to hold a Consumer Credit License, or to comply with the provision of Rule 1.1.7 or,
 - 3.2.3 fails to pay the annual subscription within thirty days of being required to do so and the Council resolving that membership of such a member be terminated, or
 - 3.2.4 he receives an order in bankruptcy is made against him, or he becomes insolvent or makes an assignment for the benefit of his creditors or makes or proposes to make any composition with them, or
 - 3.2.5 in the case of a member being a corporation, a receiver is appointed of all or any of its assets, or a resolution is passed or an order is made for its winding up, unless in the opinion of the Council such winding up be only for the purpose of reconstruction, or
 - 3.2.6 in the case of a member being a firm, the firm ceases business, or
 - 3.2.7 the business of a member ceases to include in the opinion of the Council, pawnbroking, or
 - 3.2.8 the member ceases to have any registered individuals or
 - 3.2.9 in the case of a member being a partnership or other unincorporated association, if the partnership or association has been dissolved (otherwise than in circumstances approved by the Council)
 - 3.2.10 summary dismissal from employment of any registered individual dismissal. If a person ceases to be a registered individual of a member in any manner other than by summary dismissal, the member shall give written notice of that fact to the Association, as soon as possible and in any event within fourteen days after the change occurs.
 - 3.2.11 he having been found guilty if a disciplinary offence is to be removed from the register by direction of the disciplinary committee.
- 3.3 In addition to members who comply with the requirements of Rule 1 above the Council may in its sole discretion grant membership to any person who has previously met such requirements and is otherwise suitably qualified. In such event the requirement to comply with Rule 1 may be waived at the Council's absolute discretion.



4. COUNCIL OFFICERS AND COMMITTEES

4.1 Constitution of the Council

- 4.1.1 The constitution of the Council and the appointment, retirement and re-election of its members are provided for in Articles 52 – 78 of the Articles of Association.
- 4.1.2 Under Article 74 the Council may delegate any of its powers to committees consisting of such Council members and other individuals as the Council may think fit. Each committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Council. The Council will appoint the chairman of each committee.
- 4.1.3 Any member of the Council or of any committee who is directly or indirectly interested in any contract with the Association shall declare the nature of his interest in the manner required by sections 182, 193, 185 and 187 of the Companies Act 2006 and shall not vote in relation to that contract or any matter arising therefrom. Subject thereto, any member of the Council or of any committee finding that he has a conflict of interest in relation to any matter may count towards the quorum and vote in relation to that matter, provided that he shall first have disclosed to the Council or committee (as the case may be) the nature and extent of his interest in the matter.

4.2 Waivers of Rules

- 4.2.1 The Council may, on the application of any member or application for membership, alter the requirements of these rules so as to adapt them to the circumstances of that member or applicant or to any particular kind of business carried on or to be carried on by it.
- 4.2.2 The Council shall not exercise the powers conferred by this rule 4.2 in any case unless it considers that:-
 - (a) compliance with the requirements in question would be unduly burdensome for the member or applicant having regard to the benefit which compliance would confer on customers; and
 - (b) the exercise of those powers will not result in any undue risk to customers.
- 4.2.3 The powers conferred by this rule 4.2 maybe unconditional or subject to conditions; they will however only be exercised in exceptional cases.



5. Elections Procedures

5.1 Election of the Officers

- 5.1.1 The Secretary shall each year invite nominations from the membership for the positions of President, Vice President and Treasurer. This will be done in good time so that in the event of a ballot the membership has sufficient time to consider the candidates and to vote.
- 5.1.2 All retiring Officers shall be eligible for re-election except in the case of a President who has served 5 years consecutively. In the event of any temporary vacancy caused by an Officer becoming unable to fulfil his duties for any reason the Council may elect an Officer from among its members to fill such vacancy.
- 5.1.3 These nominations must be proposed and seconded by a Registered Individual or Ordinary Member. Candidates must be current serving members of the Council and the form of nomination will comply with rule 5.2.3 below.
- 5.1.4 Where a candidate's term of office on the Council ends at the close of the next Annual General Meeting he may also offer himself as a candidate for any other vacancy on Council at that time.
- 5.1.5 Where the circumstances in 5.1.4 above arise the Secretary shall determine the closing date for nominations so as to ensure that the membership can elect the Officers of the Association prior to the vote taking place for other Council vacancies as in rule 5.2 below.
- 5.1.6 Where an individual is both a candidate for an Officer position and for a vacancy on Council; if he is elected as an Officer his name shall be withdrawn from the Council election ballot.
- 5.1.7 Not less than 42 days prior to the date of the Annual General Meeting in each year the Secretary shall send to each member of the Association a list of those persons nominated for the positions of Officers of the Association in the same form as in 5.2.8 below and the same procedures will apply in accordance with this rule.
- 5.1.8 The Secretary shall also send to each member the names of any Officers who have decided not to stand for re-election the following year. The list shall be accompanied by a statement summarising this.
- 5.1.9 Where the positions are contested the Members will be sent a ballot form and invited to vote for the candidates of their choice. Where the positions are uncontested the candidates shall be deemed to have been elected.
- 5.1.10 In the event of a ballot the candidate who receives the highest number of votes for the post of President, Vice President or Treasurer (as the case may be) shall thereupon be declared by the President, or failing him, the Chief Executive, at the Annual General Meeting to be duly elected as the relevant such Officer.



5.2 Elections to Council

- 5.2.1 The Secretary shall each year invite nominations from the membership to fill the vacancies on the Council.
- 5.2.2 Not less than 42 days prior to the date of the Annual General Meeting in each year the Secretary shall send to each member of the Association a list of those persons already nominated to fill vacancies on the Council; arising from retirements or resignations as Council Members.
- 5.2.3 A nomination of a duly qualified person for election as a Council Member or Officer shall be made on such form of nomination as may be prescribed by the Council from time to time and shall give the name of the proposed Council Member or Officer, together with his written consent to accept office if elected, and shall be signed by a proposer and a seconder and shall give the name of each such person's firm or company.
- 5.2.4 Each nomination shall be proposed and seconded by a Registered Individual or an Ordinary Member.
- 5.2.5 Nominations shall be sent to the Secretary at the Association's registered Office at least 49 days before the date of the Annual General Meeting and if sent later shall be invalid and disregarded.
- 5.2.6 Each person in respect of whom a duly completed form of nomination is delivered to the Office at least 49 days prior to the date of the next Annual General Meeting of the Association at which an election is to be held under this Article shall be included in the list of candidates.
- 5.2.7 If the total of the number of candidates duly nominated for election as Council Members together with the number of Council Members who are not due to retire from office at the next annual general meeting, does not exceed fourteen, the persons so nominated shall be deemed and declared to be elected at the Annual General Meeting.
- 5.2.8 Whenever a ballot is necessary to determine the election of the Council Members, there shall be sent to every member of the Association, not less than 21 days before the Annual General Meeting, a voting list which shall contain the following particulars:
- (a) the names in alphabetical order of the candidates nominated for election as Council Members, their addresses, the names of the members of which they are Registered individuals; if applicable, the Relevant Organisation to which they belong and the names and addresses of their respective nominators;
 - (b) an electoral statement supplied by each candidate, provided that each such statement shall consist of not more than [250] words and shall have been delivered to the office of the Association not less than 28 days before the annual general meeting.



- (c) the date on or before which the voting list must be returned;
- (d) the number of vacancies for Council Members;
- (e) the address of the office for return of the voting list.
- (f) On the voting list, each member of the Association shall be entitled to vote for their choice of Council Members. The number of votes they can cast depends on their number of stores registered up to a maximum of 6 votes in accordance with article 34c(ii). So, for example if there were 2 seats available a company with 4 stores could place up to 4 votes against one candidate and up to 4 votes against another candidate.
- (g) A member shall not give more than one vote to anyone candidate and a vote shall be exercised by placing a cross in ink in the space provide opposite the name of the candidate for whom the member completing the voting list intends to vote,
- (h) Any voting list returned to the office after the prescribed time shall be rejected by the scrutineers appointed under paragraph (x) below.
- (i) The voting list must be delivered to the Registered Office of the Association in a sealed envelope not less than four clear days prior to the date of the Annual General Meeting,
- (j) The envelopes containing the voting lists shall be opened and the votes counted in the presence of two scrutineers (not being Council Members or Officers or candidates for election as Council Members or Officers) appointed by the Secretary and the scrutineers shall report the result to the Secretary.
- (k) That number of candidates for the position of Council Member equivalent to the number of vacancies for Council Members and who receive the highest number of votes ("the highest vote candidates") shall, thereupon be declared by the President, or failing him, the Chief Executive, at the Annual General Meeting to be duly elected as Council Members.
- (l) If in any election two or more candidates obtain an equal number of votes in such circumstances as would render it uncertain which candidate would be elected, the matter shall be decided by lot.
- (m) No canvassing shall be permitted in relation to any election under these rules other than by means of the electoral statement referred to in rule (b) above.



6. The Role of the President

To lead the Association as the chief elected officer, to chair the Council and, on behalf of the Council, to provide broad policy guidance to the Chief Executive in order to achieve the Association's objectives.

Key duties and responsibilities are to:

1. Provide leadership to the profession, the Council and the membership.
2. Represent the Association and the profession.
3. Support the Association and its policies internally and externally.
4. Exercise the governing authority of the Council when advised to do so.
5. Coordinate the planning of the Council's activities for the year ahead and plans for the association's future. In this capacity, the Council Chair is responsible for ensuring that an on-going planning process exists for the Association.
6. Prepare, in consultation with the Secretary, the agendas for Council and other Committee meetings.
7. Preside at Council and other Committee meetings, making sure that they run smoothly.
8. Ensure that Council members have the information they need to make informed decisions.
9. Review operating and financial reports submitted by the Chief Executive and to advise the Council of these reports and any necessary actions by the Council.
10. Ensure that all new Council members get a proper induction to the Council and to the Association.
11. Take charge of the delegation of responsibilities, making sure that they are spread out equitably among the Council members.
12. Ensure that all Council committees are properly served by the executive.
13. Lead the strategic planning debate.
14. Act as the main liaison between the Council and the Chief Executive;
15. Enforce adherence to the Association's Constitution and Rules and assure the integrity of the Council process;
16. Initiate and lead the Council's process of annual performance review of the Chief Executive in consultation with the Vice President and Treasurer.
17. Communicate with the membership on a regular basis



7. The Role of the Vice President

The prime role of the Vice President is to understudy the President in preparation for assuming the role at some future date. In addition he is one of the Officers of the Association who have a direct responsibility to manage and review the Chief Executive. The Vice President will be expected to become fully cognisant of the Association and take an active role in its governance, operations and representation.

Key duties and responsibilities are to:

1. Assist and support the President.
2. Support the Association and its objectives.
3. Work with the President and the Council in the development of the Association's strategic plan.
4. Perform the duties of the President in his absence, or at the request of the President.
5. Preside at meetings in the absence of, or at the request of, the President.
6. Take an active part in the Association's planning processes.
7. Chair sub-committees as required.
8. Safeguard the good name and values of the organisation.
9. Make recommendations of committee appointments.

8. Role of the Treasurer

The elected Honorary Treasurer in a not for profit organisation has a prime responsibility to the membership to oversee the finances of the Association and to review and present the financial strategy, annual budgets, accounts and financial statements to the Council. Where the Association has a qualified financial advisor/auditor or a Finance Director the role would be reduced to one of oversight, audit and representing the results to the membership.

Key duties and responsibilities are to:

1. Ensure that the Association complies with its governing document, company law and any other relevant legislation or regulations.
2. Ensure that the Association pursues its objects as defined in its governing document.
3. Ensure the organisation applies its resources exclusively in pursuance of its objects.
4. Contribute actively to the Council in giving firm strategic direction to the Association,



5. Safeguard the good name and values of the Association.
6. Ensure the effective and efficient administration of the Association.
7. Ensure the financial stability of the Association.
8. Supervise the management of the property of the Association and to ensure the proper investment of the Association's funds.
9. Review the Chief Executive in conjunction with the other Officers.
10. Overseeing, approving and presenting budgets, accounts and financial statements.
11. Being assured that the financial resources of the Association meet its present and future needs.
12. Ensuring that the Association has an appropriate reserves policy
13. The preparation and presentation of financial reports to the Council.
14. Ensuring that appropriate accounting procedures and controls are in place
15. Liaising with any paid staff and volunteers about financial matters
16. Advising on the financial implications of the organisation's strategic plans.
17. Monitoring the organisation's investment activity and ensuring its consistency with the organisation's policies and legal responsibilities
18. Selecting and liaising with the Statutory Auditors of the Association.
19. Keeping the Council informed about its financial duties and responsibilities
20. Contributing to the fundraising strategy of the organisation
21. Making a formal presentation of the accounts at the annual general meeting and drawing attention to important points in a coherent and easily understandable way

9. Code of Conduct for Members of Council

This is an outline code of practise with which members of Council, who are also company directors, would be expected to comply. Other reference documents that may assist members of Council in discharging the duties would be the "Director's Handbook" published by the Institute of Directors and the "Noland Principles" published by HMSO.

1. Exercise leadership, enterprise and judgement in directing the company so as to achieve its continuing prosperity and act in the best interests of the company as a whole.
2. To follow the standards of best practice as published by the Institute of Directors.



3. Serve the legitimate interests of the Association and its members
4. Exercise responsibilities to employees, customers, suppliers and other relevant stakeholders, including the wider community.
5. Comply with relevant laws, regulations and codes of practice; refrain from anticompetitive practices, and honour obligations and commitments.
6. At all times have a duty to respect the truth and act honestly in his business dealings and in the exercise of all his responsibilities as a director.
7. Avoid conflict between his personal interests, or the interests of any associated company or person, and his duties to the company.
8. Not make improper use of information acquired as a director or disclose, or allow to be disclosed, information confidential to the company.
9. Not recklessly or maliciously injure the professional reputation of another member of the Council and not engage in any practice detrimental to the reputation and interests of the Association or of the profession of director.
10. Keep abreast of current good practice.
11. Set high personal standards by keeping aware of and adhering to this Code, both in the spirit and in the letter, and promoting it to other directors.
12. Apply the principles of this Code appropriately when acting as a director of a non-commercial organisation.
13. Members will expect to conduct themselves in professional and courteous manner at all Council meetings and respect the authority of the President. This does not preclude robust debate which should be conducted in a polite manner but without resorting to personal remarks and the like.
14. Where a majority decision has been taken all members of the Council shall be bound by that decision and the principle of cabinet responsibility shall apply particularly in regard to its publication to a wider public and the membership.
15. Members are prohibited from recording Council meetings all discussions within a Council meeting are confidential and the Council shall determine whether any part of their deliberations or decisions should be published including the timing and format of such a publication. With permission of Council the Chief Executive will record all meetings for the purpose of accuracy of minute taking.
16. Contravention of this code may constitute a breach of the Associations code of conduct and such a contravention may be referred to the Disciplinary Committee.



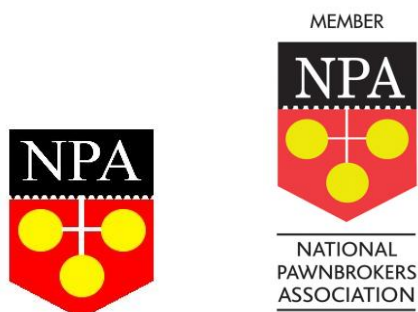
10. The Code of Professional Standards

10.1 THE CUSTOMER CODE

This Code sets out the standards of good practice in Pawnbroking to be observed by the members of the National Pawnbrokers Association (NPA). The Association will monitor the compliance of members.

Failure to implement these standards may result in disciplinary measures being taken against the member, and may ultimately, subject to a right of appeal, result in expulsion from membership of the Association.

Members will display the sign in a prominent position in the public part of their premises.



INTRODUCTION

The Code relates to the activity of Pawnbroking.

The purpose of the Code is to:-

- a) Set out the standards of good practice which members will follow in their dealings with their customers.
- b) Comply with relevant law, regulation, guidance and best practice.
- c) Discourage the use of the Pawnbroking system for fraudulent or criminal purposes.

THE CODE

- a) We will conduct ourselves at all times in accordance with the NPA Values of 'Fairness and Transparency', 'Professionalism and Excellence' and 'Expertise'
- b) We will take ID from customers, and comply with Consumer Credit, anti-money laundering, data protection laws, and ensure the customer understands terms for withdrawal.
- c) Maintain constant vigilance against fraud and report any suspected fraudulent activity to the relevant authorities.
- d) Provide trained staff to ensure that they are best placed to help and inform customers.
- e) Endeavour to make their premises accessible to disabled persons where reasonably



practical.

f) Ensure the customer understands their rights of complaint including complaining to the Financial Ombudsman.

10.2 Code of Professional Standards

This standard reflects the call upon the Association by its Constitution to maintain for the benefit of the public high standards of professional skill, ability and integrity amongst Pawnbrokers. Public confidence is crucial. Obviously anything done without integrity, or which is discreditable, affects the public's perception of Pawnbrokers when dealing with the next Pawnbroker they encounter. As is well known, a Pawnbroker's field of work cannot be closely overseen by those who engage their services; neither can they easily perceive whether work has been done unnecessarily, wastefully, or unprofessionally. Examples of gross lack of integrity can be imagined from those features.

10.2.1 If a Pawnbroker is convicted of a serious criminal offence, arising out of his private or working life, bringing discredit on the profession or the Association e.g. a conviction for fraud or blackmail, then this would be a breach of this standard. In cases of complaint where there is no conviction (which is often going to be the case) then the Committee itself will decide whether the complaint is proved. As in all complaints of misconduct the onus of proof is on the complainant and the standard of proof will be commensurate with the gravity of the offence. In cases which allege criminal conduct, the standard of proof will be the criminal standard.

The scope of this standard covers all behaviour which the public knows of, or is likely to find out about, which unjustifiably brings the profession or the Association into public disrespect.

As in all standards and in this one in particular, a good test which a member can apply to himself is to ask whether there was an informed member of the public who would consider his conduct to be lacking in credit, unprofessional, and likely to bring the Association into disrepute.

10.2.2 *A member shall not by any unfair or unprofessional practice injure the business, reputation or interest of any other member of the Association.*

This standard does nothing to discourage legitimate competition between members. But it is not to be by unfair or unprofessional practice. Such features cause members to distrust each other; it allows the unfair member to gain advantage by unscrupulous means rather than merit; and it does not serve the public who can be deceived by unfair practices into not choosing the most appropriate person for them to employ. This standard is related to 1 because it is almost impossible to carry on an unfair or



unprofessional practice without others getting to know about it and discrediting the profession.

Examples of unfair or unprofessional conduct include ‘canvassing’ off premises, or, visiting a store with a customer of that store to switch a balance over to their store.

10.2.3 Members shall, at all times, act honestly in their professional dealings with customers and clients (actual and potential), employers and employees.

This standard is self-explanatory and sets members a minimum standard of behaviour commonly accepted in our society today.

A conviction of a member for serious dishonesty, particularly in the course of his work as a Pawnbroker, is very likely to lead to expulsion from the Association. This standard not only includes requirements of honesty towards employees but also towards suppliers and clients. This very important standard covers potential clients, for example those who are being given proposals, quotations and descriptions about the expertise of the member or his employees.

10.2.4 A member shall not, knowingly or recklessly, disseminate any false or misleading information, either on his own behalf or on behalf of anyone else.

To ‘knowingly disseminate’ such information means to know that you are doing it, or causing it to happen when somebody else is doing it on your behalf. To “recklessly disseminate” such information means either that you have not checked the information properly when you know that it is false or misleading, or alternatively you disseminate it not caring whether it is false or misleading.

The standard covers a wide span of activity. It deals with a member’s own information about himself and his services. It particularly relates to how he “sells” himself. For example, to claim to a client that he has expertise in a particular speciality when he does not, could amount to a breach of this standard. The standard also is concerned with the way he imparts information on behalf of a client or customer. He should not knowingly make himself a mouthpiece of information which is false or misleading. Current advertising standards should be borne in mind, especially as pawnbroking communications are a central plank of member’s activities. The tenet “Legal, Decent, Honest and Truthful” applies.

10.2.5 A member shall keep abreast of current pawnbroking practice and act competently and diligently and register their compliance with the NPA Customer Code (Code of Practice) annually.



When members hold themselves out as Pawnbrokers and members of the Association they are in fact holding themselves out as being up to date practitioners (unless they expressly state that they are not). And so it is essential that members should keep themselves up to date.

It is obvious that a member enhances his profile when he offers himself as a member of the Association, but the right to do that carries the corresponding duty to act with the competence and knowledge that membership of the Association implies. A member who is neglecting to keep himself up to date is being careless with the Association's reputation.

10.2.6 A member shall, at all times, seek to avoid conflicts of interest and shall make prior voluntary and full disclosure to all parties concerned of all matters that may arise to any such conflict. Where a conflict arises a member must withdraw prior to the work commencing.

Clearly conflicts of interest colour judgement and in most cases may influence members to compromise themselves. Even if the member did not compromise himself, those who find out later about the conflict are likely to perceive that he has.

10.2.7 A member shall keep business information confidential except: from those persons entitled to receive it, where it breaches this code and where it is illegal to do so.

Such information belongs to the client. Clearly all business information that comes into the possession of members in their professional dealings must be treated confidentially and should only be disclosed in the ways that are permitted by its owner. To employ it as if it is one's own particularly for profit or in a way injurious to the client would be serious breaches of the standard.

This standard is a central plank in the ethical dealings of members, and is the hallmark of a professional. It is all to do with trust. A client must be able to trust a member of the Association when making disclosures to him in the course of business.

10.2.8 A member shall promote and seek business in a professional and ethical manner.

This standard although short has very wide implications. It relates to how a member seeks and goes about business; and to the use of undue influence, bribes and inducements, which, subject to circumstances, are almost invariably an unprofessional practice. This standard is also related to 2 which concerns itself with unfair or unprofessional practices injuring competitors. It also arises from the Constitution because if a member's business is being maintained by these means it ipso facto is not being maintained by high standards of professional skill ability and integrity.



10.2.9 A member shall observe the requirements of all other codes of practice which may from time to time have any relevance to the practice of pawnbroking insofar as such requirements do not conflict with any provisions of this code.

It is recognised that the vast majority of professional codes of conduct are very similar, and that where a member is working in an environment with a multi-disciplinary team they should understand the standards which other members of the team are working to. If a member feels that a breach of another code of practice has relevance to what he is doing (or when he is informed that it has) he should seek a copy of that particular professional code of conduct.

10.2.10 Members shall not hold themselves out as having the Association's endorsement in connection with an activity unless the Association's prior written approval has been obtained first.

There have been cases in the past where members have used the Association's logo in such a way in their literature as to convey the impression that the Association is endorsing their company, or products or services thereby suggesting that they were working in some way for the Association or on its behalf. A similar impression can be created that in some way the Association is regulating, or worse still responsible for, that member's activities. This is a wholly wrong practice and is strictly prohibited unless the member has prior written approval from the Association to do so, and only then in the prescribed manner. The general public must know with whom they are dealing. Any member who does this without permission is gaining an unfair advantage by clothing his activities with the respectability that the Association's "stamp of approval" would give to his projects. There have been cases where customers have thought they have been dealing with the Association, when it was not the case.

10.2.11 A member shall have due regard for, and comply with, all the relevant laws of the country in which they are operating.

This particular standard is self-explanatory and has particular relevance to international dealings. It is the member's personal responsibility to ascertain what national jurisdiction governs his contract for services, and to make it his business to know the relevant laws in the country in which he is operating. All countries do not have the same laws, and particular care in this respect needs to be taken in financial dealings. This standard is also related with

10.2.12 A member who knowingly causes or permits any other person or organisation to be in substantial breach of this code or who is a party to such a breach shall himself be guilty of such breach.

In short a member who knowingly causes or permits another person to be in substantial breach of the code shall be deemed himself to be guilty of such breach. A word of explanation about what "knowingly causes or permits" means maybe helpful here. This standard is aimed at the member who gets somebody else to act in an unprofessional and unethical manner on his behalf, knowing that the work would



involve a breach of the code. It would be a technical Disciplinary offence for a member “to permit” another person to act in breach of the code where he can only seek to persuade him not to but he lacks the power to prevent him. On the other hand it would be far from a technical offence if that breach of the code is designed by the member to lead to substantial profit for that member, or serious injury to a competitor.

In many cases there are others who work for a member who are not themselves members of the Association. It is not a permissible practice to get those who work for you to undertake activities which are not permissible under the code.

It is very important for members to maintain ethical quality standards and provide sufficient peer group pressure so that others adopt the same standards.

10.2.13 A member shall observe this Code of Professional Standards as it may be expanded and annotated and published from time to time by the Ethics Committee in the manner provided for below.

This is the basic standard of compliance, and members should be aware that changes to the code will be made from time to time and brought to their attention in Association publications by the Ethics Committee.

10.3 NPA Code of Conduct for Sale and Buy Back (SBB) Transactions

10.3.1) Where members engage in Sale and Buy Back (SBB) transactions as well as pawnbroking, they must where appropriate give the customer advice on available options and the benefits and key attributes of each.

10.3.2) Make reasonable endeavours to ensure the customer understands the key differences between SBB and a pawnbroking contract and explain key important features of the SBB agreement.

10.3.3) Members will highlight the contract expiry date to the customer and explain the full consequences of missing this deadline. If the premises are closed on the date the contract expires, the customer must have the opportunity to collect their goods beyond the contract period on the first day the premises is next open for business.

10.3.4) In the case of electronic devices it should be made clear to the customer that all data will be wiped from the device once the buy back option has expired and before it is put up for sale.

Footnote- NPA members are registered for, and comply with, UK Anti Money Laundering Regulations.

10.4

11 Disciplinary Regulations

11.1 The Ethics Committee



The Council shall from time to time constitute a committee to be called the Ethics Committee which shall keep the above Code of Professional Standards under constant review and shall expand and annotate the same as they may think fit in the light of changing circumstances, and shall publish such material to the effect as the Council shall order.

11.2 The Disciplinary Committee

- 11.2.1 If any complaint should be made against any member it shall be considered by the Disciplinary Committee.
- 11.2.2 The Disciplinary Committee shall consist of 5 members appointed by The Council. A member so appointed shall be eligible for re-appointment at the expiration of any defined period of office. Two of those members so appointed shall be lay members that is to say persons of good reputation and standing who are not members of the Association.
- 11.2.3 The Chairman of the Disciplinary Committee shall be a professional of good standing. If by reason of illness or absence the Chairman becomes temporarily incapable of performing the duties of his office, the Council shall appoint another professional until he is able to resume the performance of the duties of his office.
- 11.2.4 A person may be appointed to be a member of the Committee whether his is or is not a member of the Association but:
- 11.2.5 At least three members of the Committee shall be either Fellows or Members of the Association. The quorum of the Committee shall be three, of whom the Chairman shall be one.
- 11.2.6 The Committee may act by a majority of the members present, and in the case of an equality of votes the Chairman shall have a casting vote.
- 11.2.7 The Secretary shall be a person appointed by the Council and shall be a person who is as far as reasonably practicable independent from those officers of the Association who may be concerned with the process and presenting of complaints to the Disciplinary Committee. In this regard, the Chief Executive would normally be appointed Secretary to the Committee.

11.3 The Procedure for Complaints

- 11.3.1 A complaint may be made by any person that a member of the Association failed to observe the Code of Professional Standards whilst he was a member of the Association.



11.3.2 Any complaint so made against a member shall be in writing under confidential cover and addressed to the Secretary of the Disciplinary Committee at 107 – 111 Fleet Street, London, EC4A 2AB. The name and address of the person making the complaint shall be given. The name and address of the member complained against shall also be given, or alternatively a sufficient description of him so as to identify him. The complaint shall also set out the circumstances which constitute the complaint and state the relationship, if any, between the complainant and the member. If the complainant does not wish to submit a document or wishes to remain anonymous, whether to pursue the matter will be at the discretion of the Officers who at this point become the complainant.’

11.3.3 The Giving of Notice of a Complaint to a Member

In every case where the Secretary receives a complaint against a member of the Association he shall forward a full copy of that complaint as soon as reasonably practicable to the member concerned and invite him, if he wishes to do so, to explain or answer the complaint made against him by written submissions drafted by himself or through a representative.

11.4 The Processing of Disciplinary Complaints

11.4.1 When the Secretary of the NPA receives a complaint from any person in which it is alleged that a member of the Association, or a person employed by him in the carrying on of his business, has been guilty of a failure to observe the Code of Professional Standards, (hereinafter referred to as “professional misconduct”), the Secretary shall submit the complaint to the Chairman of the Disciplinary Committee.

11.4.2 The Chairman may, if in his opinion the complaint does not set out the circumstances of the complaint in sufficient detail to allow the person complained against to comprehend the nature and extent of the complaint so as to afford him a fair opportunity of knowing the case that is alleged against him, direct that better and further particulars are given of the complaint. Until further particulars are given to the satisfaction of the Chairman, the complaint shall be stayed.

11.4.3 The Chairman may, after consulting other members of the Disciplinary Committee as he thinks fit, stay (or stay on terms) a complaint if in his opinion the primary purpose of the complaint is to obtain a political advantage for the complainant rather than as its primary purpose to initiate proceedings because a disciplinary offence may have occurred.



- 11.4.4 The Chairman may require that any allegation of fact contained in any complaint shall be substantiated by a written statement signed by a responsible person if he thinks fit, and any such statement shall specify as respects any fact not within the personal knowledge of the declarant, the source of his information and the grounds for his belief in its truth.
- 11.4.5 The Chairman may in any case direct the Secretary to invite the member complained about to submit in writing any answer or explanation which he may wish to offer.
- 11.4.6 When he has considered the complaint, the evidence available in support thereof and any answer or explanation submitted by the member complained about, the Chairman shall deal with the matter as follows; if he is of the opinion that,
- (a) the case is not within the jurisdiction of the Disciplinary Committee, or
 - (b) the complaint is of a frivolous or trivial character, or
 - (c) owing to a lapse of time, or other circumstances the complaint may properly be disregarded,
- he shall recommend to the Disciplinary Committee that the case shall not proceed further.
- 11.4.7 If after consultation orally or by letter with the other members of the Disciplinary Committee, the Disciplinary Committee accept the Chairman's recommendation then the complaint so referred to shall proceed no further. If the Disciplinary Committee, after consultation, do not accept the recommendation of the Chairman, then the complaint will be disposed of in one of the manners provided for in (a) to (c) below. If the Chairman is of the opinion that the professional misconduct alleged in the complaint does not constitute sufficiently serious professional misconduct, or is for any other reason of such a character that the matter can be disposed of without a full disciplinary Inquiry, as provided for below, he shall direct the Secretary:
- (a) To send all the particulars that have been sent to the Chairman that describe this complaint to the person complained about and inform him that the Chairman has in mind recommending that a written reprimand shall be issued to him and that he will be then cautioned as to his conduct.
 - (b) To invite the member to accept this form of disposal of the complaint and the caution issued with this disposal without there being a full disciplinary inquiry.
 - (c) If the member does accept this disposal by way of written reprimand and the Disciplinary Committee accept the Chairman's recommendation in



this respect, the member shall be so reprimanded and cautioned and that will conclude the determination of that complaint.

11.4.8 In any other case (and in those cases where the Disciplinary Committee do not accept the recommendation of the Chairman that the member shall be sent a written reprimand) the Disciplinary Committee shall direct the Secretary to take the necessary steps for the holding of an Inquiry by the Disciplinary Committee. When making its direction to the Secretary as aforesaid to take the necessary steps for the holding of an Inquiry;

- (a) if it is of the opinion that the complaint primarily is one that if proved would confer substantial commercial advantage to the complainant or to his reputation, or
- (b) brought to avoid incurring of costs by him in legal proceedings against the person complained of, and
- (c) is not of the type that is in the interests of the Association alone to incur costs prosecuting the complaint,

The Secretary may advise the Disciplinary Committee that the complaint shall not be proceeded with unless the complainant first undertakes in writing to pay the costs of those future proceedings in part or in whole as the Committee thinks fit.

11.4.9 If at any time after an Inquiry has been directed and before it has been held, information is received by the Secretary which might have justified the Disciplinary Committee in not directing an Inquiry in the first instance, then the Disciplinary Committee, upon such information being referred to them, may direct that the Inquiry shall not proceed further.

11.5 Inquiries Before the Disciplinary Committee

11.5.1 Where the Disciplinary Committee has directed an Inquiry to be held the Secretary shall give notice of that decision to the member affected as soon as reasonably practicable. He shall also instruct a person, who may be a solicitor, to investigate the facts of the case and to present (or brief counsel to present in appropriate cases) the case to the Disciplinary Committee at the Inquiry: provided that where a complainant insists on presenting his case to the Disciplinary Committee, it shall not be necessary for the Secretary to instruct a person to investigate the facts of the case and to present these facts to the Disciplinary Committee at the Inquiry.

11.5.2 Where directions have been given for an Inquiry to be held, the Secretary shall, not less than 28 days before the day appointed for holding the Inquiry send to the person affected a notice specifying generally the matters into which the Inquiry will be held and stating the day, hour and place appointed for holding the Inquiry: provided that where the person affected and the complainant, if any, so agree the period of notice required by this Regulation



may be reduced to such period as may be agreed.

- 11.5.3 The notice referred to in 11.6.3 above, shall be accompanied by a copy of these Regulations.
- 11.5.4 Any notice or communication required by these Regulations to be sent to any member shall be sent by registered letter or recorded delivery letter addressed to him at his registered place of address as recorded upon the Association's members' database.
- 11.5.5 Any notice sent to any member in accordance with Regulation 11.3.2 may be amended with the consent of the Disciplinary Committee or of the Chairman and written notice of the amendment shall be sent to such person in the manner provided by the preceding Regulations, or otherwise brought to his notice by the Secretary before the Inquiry is held or in the course of the Inquiry: provided that the member affected shall have the right to demand an adjournment of the Inquiry if reasonable notice of any amendment materially affecting the particulars of the misconduct alleged in the Notice of Inquiry has not been given before the Inquiry commenced.
- 11.5.6 The Chairman may at any time postpone the opening of the Inquiry and direct the Secretary to give any necessary notices to members concerned including the complainant.
- 11.5.7 The Inquiry shall normally be held in private unless, upon the application of either of the parties affected, the Disciplinary Committee determine that in the interest of justice or for some other compelling reason the hearing should be held in public.
- 11.5.8 The member affected and the person or complainant presenting the case to the Disciplinary Committee may be represented by a solicitor or counsel; provided that nothing in these Regulations shall prevent a member affected from representing himself or whoever presents the case against him from appearing without a solicitor or counsel before the Disciplinary Committee.
- 11.5.9 If the person entrusted with the task of presenting the case against the member affected considers that the Disciplinary Committee's deliberations will be assisted by expert evidence from experts knowledgeable about the issues in question, then that person shall cause these experts' advice to be reduced to writing and served upon the member affected not less than 28 days from the date upon which the hearing before the Disciplinary Committee is to take place; and to arrange, if so requested by the member affected, for the attendance of those experts at the hearing before the Disciplinary Committee and for them to give evidence: provided that nothing in this Regulation shall prevent the member affected himself from calling expert evidence either in rebuttal or of his own accord provided that he notifies the person presenting the case against him in good time before the hearing and supplies him with a



written statement of that expert's evidence.

11.6 Hearings of the Disciplinary Committee

- 11.6.1 If the member affected does not appear and the Disciplinary Committee are satisfied that the Notice of the Inquiry was duly sent to him, they may proceed with the Inquiry in his absence or may adjourn the Inquiry.
- 11.6.2 Subject to the foregoing provisions with respect to non-appearance, the order of proceedings shall be as follows:
 - 11.6.3 Statement of the case against the member affected and the production of evidence in support of it:
 - 11.6.4 Statement of the case of the member affected and the production of evidence in support of his case:
 - 11.6.5 Reply to the case of the member affected: provided that, except by leave of the Disciplinary Committee, a reply shall not be allowed where the member affected has produced no evidence other than his own, and no issue of law arises.
 - 11.6.6 A closing statement of the case of the member affected.
 - 11.6.7 Evidence may be received by the Disciplinary Committee by oral statement, written and signed statement, or statutory declaration. A witness shall first be examined by the person producing him, then cross-examined and then re-examined. The Disciplinary Committee shall disregard oral evidence given by any person who refuses to submit to cross-examination. The Disciplinary Committee may, in their discretion, decline to admit the written statement or declaration of a person who is not present, and shall disregard it if, being present, he refuses to submit to cross-examination.
 - 11.6.8 Members of the Disciplinary Committee may put through the Chairman, or on his invitation, such questions as they think desirable.
 - 11.6.9 The Disciplinary Committee may at any stage of the proceedings adjourn the Inquiry to a subsequent meeting of the Disciplinary Committee and where the day, hour and place for such meeting are not appointed at the time of the adjournment, the Secretary shall, not less than 21 days before the day appointed, give notice to the member affected and to the complainant, if any, of the day, hour and place appointed.
 - 11.6.10 Subject to these Regulations the procedure at the hearing should be determined by the Disciplinary Committee.



11.6.11 On the conclusion of the hearing the Disciplinary Committee shall deliberate in private and shall decide:

11.6.12 whether the misconduct alleged in the complaint is proved;

11.6.13 if so, whether such misconduct is such as to render the member affected with regard to whom it is proved unfit to be on the register of members of the Association;

11.6.14 if so, the Disciplinary Committee may direct that:

11.6.14.1 no further action is to be taken against the member: or

11.6.14.2 the member is to be reprimanded: or

11.6.14.3 the member's membership shall be continued but only subject to such conditions as the Disciplinary Committee think fit;

11.6.14.4 the member shall be suspended upon such conditions as the Disciplinary Committee think fit;

11.6.14.5 the member shall be expelled and his name removed from the register of members of the Association; provided that the Disciplinary Committee may postpone its decision or any part of it, either generally or on such terms as it may approve.

11.6.15 The Disciplinary Committee shall notify the member and the complainant of their determination as soon as is reasonably practicable in writing.

11.7 Publication of Decisions

Decisions of the Disciplinary Committee may be published. The extent of the publication will be at the discretion of the Chairman of the Association, in consultation with the Chairman of the Disciplinary Committee.

11.8 Applications for Relief from the Consequences of Previous Decisions of the Disciplinary Committee

11.8.1 Any member who by direction of the Disciplinary Committee has been expelled or suspended or had his membership continued only subject to conditions may apply in writing to the Secretary for the restoration of his name to the register or for the revocation of conditions imposed or for a variation of a condition imposed as the case may be.

11.8.2 Any such application shall be made in writing to the Secretary stating the grounds on which it is made and signed by the applicant.



- 11.8.3 No application for restoration of a name to the register shall be entertained by the Disciplinary Committee unless supported by at least two members currently upon the register of the Association.
- 11.8.4 The Disciplinary Committee shall afford the applicant if he wishes an opportunity of appearing before them in person or by a solicitor or counsel and of adducing evidence orally or in writing. The Disciplinary Committee shall consider the application in private unless it considers that in the interest of justice or for some other compelling reason the application should be considered in public.
- 11.8.5 The procedure of the Disciplinary Committee in connection with the application shall be such as they may determine.
- 11.8.6 The Committee may if they think fit adjourn consideration of the application from one meeting to another.
- 11.8.7 The Secretary shall communicate to the applicant and to the objector, if any, the decision of the Committee and to the Secretary of the Association.