



## **Rules of Tai Tarian Limited**

**Registered under the Co-operative and Community Benefit Societies Act 2014 (31041R)**

**Based on Community Housing Cymru's (CHC) Model Rules 2017  
Revised July 2020**

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## **PART A**

## **NAME AND OBJECTS**

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### **Name**

**A1** The name of the society shall be Tai Tarian Limited ("the association").

### **Objects**

**A2** The association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:

**A2.1** the business of **providing (and managing) housing, accommodation** and providing assistance to help house people and associated facilities and amenities or services

**A2.2** any other object that can be carried out from time to time by a Registered Society registered as a **social landlord** with the regulator.

### **Non-profit**

**A3** The association shall not trade for profit and any profits shall only be applied for the purpose of furthering the association's objects and/or in accordance with these rules.

**A4** Nothing shall be paid or transferred by way of profit to shareholders of the association.

## **PART B**

## **POWERS OF ASSOCIATION, BOARD, AND SHAREHOLDERS**

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### **Powers**

**B1** The association shall have the power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except where it is prevented from doing so by any relevant legislation, determination, specification or regulatory guidance, from time to time in force, or where expressly prohibited in its rules.

**B2** Without limiting its general powers the association shall have power to:

**B2.1** purchase, acquire or dispose, assign, or take or grant any interest in land including any mortgage, charge or other security whatsoever, construct or carry out works to buildings;

**B2.2** help any charity or other body not trading for profit in relation to housing and related services;

**B2.3** subject to rules F12, F13, and F14, borrow money or issue bonds, notes loan stock or any other debt instrument or enter into any transaction having the commercial effect of a borrowing;

**B2.4** enter into and perform any derivative transaction on such terms as the association thinks fit for the purpose of hedging or otherwise managing any treasury risk or other financial exposure of the association;

**B2.5** subject to rule F15, invest the funds of the association;

**B2.6** lend money on such terms as the association shall think fit.

**B2.7** Guarantee, enter into any contract of indemnity or surety or provide security for the borrowings or performance of the obligations of a third party on such terms as the association shall think fit.

**B3** The association shall not have power to receive money in any way which would require authorisation under the Financial Services and Markets Act 2000 (or any other authority required by statute) unless it has such authorisation.

### **Powers of the board**

- B4** The business of the association shall be directed by the board.
- B5** Apart from those powers which must be exercised in general meeting:  
**B5.1** by statute; or  
**B5.2** under these rules all the powers of the association may be exercised by the board for and in the name of the association.
- B6** The board shall have power to delegate, in writing, subject to rules D30-34, the exercise of any of its powers to committees, to officers and to employees of the association on such terms as it determines. Such delegation may include any of the powers and discretions of the board

### **Limited powers of shareholders in general meeting**

- B7** The association in general meeting can only exercise the powers of the association expressly reserved to it by these rules or by statute.

### **General**

- B8** The certificate of an officer of the association that a power has been properly exercised shall be conclusive as between the association and any third party acting in good faith.
- B9** A person acting in good faith who does not have actual notice of these rules or the association's regulations shall not be concerned to see or enquire if the board's powers are restricted by such rules or regulations.

## **PART C            SHAREHOLDERS AND GENERAL MEETINGS**

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### **Obligations of shareholders**

- C1** All shareholders agree to be bound by the obligations on them as set out in these rules. When acting as shareholders they shall act, at all times in the interests of the association and for the benefit of the community, as guardians of the objects of the association.

### **Nature of shares**

- C2** The association's share capital shall be raised by the issue of shares. Each share shall have a nominal value of £1 which shall carry no right to interest, dividend or bonus, save for any permitted by paragraph 1 of Schedule 1 to the Housing Act 1996.
- C3** Only shares held by the nominee of an unincorporated body (alone or jointly with other nominees) can be withdrawn or can be transferred, and only to a new nominee of that unincorporated body (alone or jointly with other nominees). Where such a transfer is permitted by this rule, the transferring member must execute a transfer in a form approved by the board, and deliver the same to the board. If the board approves the transfer, it will be entered in the register of shareholders of the society.
- C4** When a shareholder ceases to be a shareholder or is expelled from the association, his or her share shall be cancelled. The amount paid up on that share shall become the property of the association.

### **Nature of shareholders**

- C5** A shareholder of the association is a person or body whose name and address is entered in the register of shareholders.
- C5.1** No person or body shall be entered in the register of shareholders if the effect of such registration would be that the number of shareholders who are domiciled in Wales falls below three quarters.
- C5.2** Voting shareholders shall be divided into classes as follows:
- the tenant shareholders
  - the independent shareholders
  - the leaseholder shareholders
- C5.3** Voting leaseholder shareholders will be limited to 5% of the total number of shareholders
- C5.4** All other persons and organisations admitted shall be designated as Associate Shareholders and will have no voting rights.
- C5.5** A shareholder shall belong to a class and cannot belong to more than one class.
- C5.6** Each non-executive board member, other than the Council non-executive board members appointed pursuant to Rule D3, shall also become a shareholder of the Association, be issued with one share and entered in the register of shareholders. Council non-executive board members may not become shareholders.
- C5.7** Subject to compliance with the Association's policy on shareholding membership, the board shall admit any tenant who so wishes to shareholding membership of the Association as a tenant shareholder and may, in its absolute discretion, admit other persons to shareholding membership of the Association as independent leasehold or associate shareholders. This is on the proviso that no person may be admitted or remain as a shareholder if they are a local authority person and provided further that an independent shareholder may not be either a local authority person or a tenant.

- C6** The following cannot be shareholders:
- C6.1** a person under the age of 11;
  - C6.2** a person who has been expelled as a shareholder, unless authorised by resolution at a general meeting;
  - C6.3** an employee of the association or an employee of a group member;
  - C6.4** a local authority person
  - C6.5** a person who has been removed by the board in accordance with rule D5;
  - C6.6** a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the effect that that person has become physically or mentally incapable of acting as a non-executive board member and may remain so for more than three months;
  - C6.7** a person who is disqualified from acting as a Director of a company for any reason, or has been convicted of an indictable offence.
- C7** A corporate or unincorporated body can apply to become an associate shareholder of the association, pursuant to Rule C11. In such cases the register shall contain the name of the associate shareholder and the address of the corporate or unincorporated body. As an associate member they will have no voting rights.
- C8** No shareholder shall hold more than one share and each share shall carry only one vote.
- C9** A share cannot be held jointly.

#### **Admission of shareholders**

- C10** The board shall make available its membership policies and objectives for admitting new shareholders. The board shall only admit new shareholders in accordance with such policies.
- C11** An applicant for a share shall apply to the association's registered office in accordance with approved membership policies as per rule C10.
- C12** The board has the power in its absolute discretion to accept or reject the application. If the application is approved, the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One share in the association shall be issued to the applicant.

#### **Ending of shareholding**

- C13** A shareholder shall cease to be a shareholder if:
- C13.1** they die; or
  - C13.2** they are expelled under rule C14; or
  - C13.3** they withdraw from the association by giving notice to the secretary which shall be effective on receipt, unless they are one of the last three remaining shareholders in which case they must provide at least one month's written notice of the withdrawal to the secretary; or
  - C13.4** in the case of a body corporate it ceases to be a body corporate; or
  - C13.5** in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body or the unincorporated body ceases trading within the area served by the Community Mutual, or is wound up or goes into liquidation; or
  - C13.6** they cease to be a shareholder under rule C6; or

- C13.7** the association serves notice on the shareholder in accordance with rule G16 asking them to indicate (within a set 3-month period) if they wish to remain as a shareholder, and they fail to reply within that period; or
  - C13.8** the association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the association provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a shareholding member upon failing to meet the terms of the order; or
  - C13.9** they are a tenant and are in material or serious breach of their tenancy agreement or lease and fail to rectify the breach within a reasonable timeframe as agreed with the association or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: criminal behaviour order, injunction pursuant to section 1 of the Anti-social Behaviour, Crime and Policing Act 2014, demoted tenancy, or closure order or any other judicial order (however named) which has an equivalent effect; or
  - C13.10** having been a resident, a shareholder ceases to be a resident provided that the board may at its discretion allow such person to remain a shareholder; or
  - C13.11** having been a board or committee member, they cease to hold any position as a board or committee member and the board determines that they cease to be a shareholder; or
  - C13.12** they are a tenant or an independent shareholder and they became a local authority person; or
  - C13.13** they are an independent shareholder who becomes a tenant of the association.
- C14** A shareholder may only be expelled by a resolution at a special general meeting called by the board.
- C14.1** The board must give the shareholder at least one month's notice in writing of the general meeting. The notice to the shareholders must set out the particulars of the complaint of conduct detrimental to the association and must request the shareholder to attend the meeting to answer the complaint.
  - C14.2** At the general meeting called for this purpose the shareholders shall consider the evidence presented by the board and by the shareholder (if any). The meeting may take place without the attendance of the shareholder.
  - C14.3** If the resolution to expel the shareholder is passed in accordance with this rule, the shareholder shall immediately cease to be a shareholder. No person who has been expelled from shareholding membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the shareholders present or by proxy and voting on a poll at an annual or special general meeting.

### **Annual general meeting**

- C15** The association shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years or such later date as may be permitted by law.
- C16** The functions of the annual general meeting shall be:
- C16.1** to receive the annual report which shall contain a summary of:
    - the revenue accounts and balance sheets for the last accounting period;
    - the auditor's report (if one is required by law) on those accounts and balance sheets; and
    - the board's report on the affairs of the association.



- C16.2** subject to rules F2, F3 and F4, to appoint the auditor (if one is required by law);
- C16.3** to elect (or re-elect) non-executive board members if applicable;
- C16.4** to transact any other general business of the association set out in the notice convening the meeting including any business that requires a special resolution.

### **Special general meetings**

- C17** All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
  - C17.1** upon an order of the board; or
  - C17.2** upon a written requisition signed by one-tenth of the shareholders or one hundred shareholders, whichever is the greater, subject to the maximum number of signatories required being 250, (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened; or
  - C17.3** if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the shareholders who have signed the requisition may convene a meeting.
- C18** A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

### **Calling a general meeting**

- C19** Subject to rule C21, all general meetings shall be convened by at least fourteen clear days' written notice served in accordance with rule G16 on every shareholder. The notice shall state whether the meeting is an annual general meeting or special general meeting, the time, date and place of the meeting, and the business for which it is convened. The meeting need not be at any particular place and the Board has the discretion to determine the manner in which the meeting is conducted.
- C20** Any accidental failure to get any notice to any shareholder shall not invalidate the proceedings at that general meeting.
- C21** Seventy-five per cent of shareholders may agree, by consenting in writing, or by other communication means approved by the board, to a general meeting being held with less notice than required by rule C19.

### **Proceedings at general meetings**

- C22** Before any general meeting can start its business there must be a quorum present. Twenty-five shareholders shall constitute a quorum. At least six shareholders must be present, the remainder can be present by proxy, and those present must include two tenant shareholders. The meeting may be held without any number of those participating in the meeting being together at the same place and the Board has the discretion to determine the manner in which the meeting is conducted.
- C23** A meeting held as a result of a shareholders' requisition will be dissolved if too few shareholders are present half an hour after the meeting is scheduled to begin.
- C24** All other general meetings with too few shareholders will be adjourned to the same day, at the same time in the following week and at the same venue (or other appropriate venue notified by the secretary to all shareholders). If less than the number of shareholders set out in C22 are present within half an hour of the time the adjourned

meeting is scheduled to have started, those shareholders present shall carry out the business of the meeting.

**C25** The chair of any general meeting can:

**C25.1** take the business of the meeting in any order that the chair may decide; and

**C25.2** adjourn the meeting if the majority of the shareholders present or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.

**C26** At all general meetings of the association the chair of the board shall preside. If there is no such chair or if the chair is not present or is unwilling or unable to act, the vice chair (if any) shall chair the meeting, failing which the shareholders present shall elect a shareholder to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

### **Proxies**

**C27** Any shareholder entitled to attend and vote at a general meeting may appoint another person, whether or not a shareholder, as their proxy to attend and vote on their behalf. A proxy can be appointed by delivering a written appointment which may be electronic, to the registered office, or such other place as may be selected by the board and stated in the meeting notice, at least two days before the date of the meeting at which the proxy is authorised to vote. Where a proxy has been properly appointed, no shareholder may attend the meeting unless the authority of the proxy is properly revoked. No person other than the chair may act as proxy for more than three shareholders. It must be signed or approved and sent by the shareholder or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final. A proxy need not be a shareholder of the Community Mutual. A person may not act as a proxy where:

**C27.1** they have previously ceased to be a shareholder under Rule C13, or

**C27.2** they have been expelled as a shareholder under Rule C14.

**C27.3** For the avoidance of doubt, a non-executive board member cannot appoint or otherwise act through a proxy. Each shareholder (except for an associate shareholder) shall (subject to the provisions of this rule) have one vote at a shareholders' meeting.

### **Voting**

**C28** Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed or required by these rules, be permitted to be cast, by a show of hands, electronic means or any other means (depending on the format of the meeting). Every shareholder present and on a ballot every shareholder present or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

**C29** Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution by a show of hands, electronic means or any other means deemed appropriate for the meeting format has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the minutes of the proceedings of the association shall be conclusive evidence of that fact.

**C30** Any question as to the acceptability of any vote shall be determined by the chair of the meeting, whose decision shall be final.

- C31** A ballot on a resolution may be demanded by any three shareholders at a meeting or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote by show of hands, electronic means or any other means, and in that case the resolution shall be decided by the ballot.
- C32** A ballot shall be taken at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the association in general meeting.
- C33** A resolution in writing signed or confirmed by Electronic Communication by or on behalf of the requisite majority of the shareholders, for the time being, entitled to vote on the relevant resolution shall be as valid and effective as a resolution passed at a properly called and constituted meeting of shareholders provided that a copy of the proposed resolution has been delivered in accordance with these rules to all shareholders and the requisite majority of shareholders referred to in rule C34 has delivered their agreement in accordance with these rules. Such resolution when signed or approved may comprise more than one document in the same form, each signed or approved, by one or more shareholders.
- C34** For the purposes of rule C33 the requisite majorities are:
- in the case of an ordinary resolution, a simple majority of shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting;
  - in the case of a resolution requiring a two-thirds majority of shareholders, at least two-thirds of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting; or
  - in the case of a resolution requiring a three-quarters majority of shareholders, at least three-quarters of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting.

### **Representatives and nominees**

- C35** Under the provisions of these rules (including rules A3, A4, C2 and C4) no shareholder is entitled to property of the association in that capacity, and in the event of bankruptcy or the death a person shall cease to be a shareholder, their share shall be cancelled and the amount paid up on that share shall become the property of the association.

## **PART D THE BOARD**

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### **Functions**

- D1** The association shall have a board (in these rules referred to as “the board”) who shall direct the affairs of the association in accordance with its objects and rules and ensure that its functions are properly performed. These functions will be agreed by the Board and set out separately in a code of governance or otherwise in writing.

### **Composition of the board**

- D2** The composition of the Board shall comprise D2.1 – D2.3 and up to 5 co-optees.
- D2.1** Not more than 3 non-executive board members shall be tenant non-executive board members
- D2.2** Not more than 7 non-executive board members shall be independent board members
- D2.3** Not more than 2 non-executive board members may be local authority nominees
- D2.4** If the requirements in Rules D2 to D2.3 are at any point not fulfilled then subject to Rule D2.5 the board shall use its reasonable endeavours to secure additional non-executive board members as appropriate, provided that in the event that at any time the requirements are not fulfilled the remaining non-executive board members may continue to act and exercise all powers of the board.
- D2.5** If the number of non-executive board members falls below the number necessary for a quorum, the remaining non-executive board members may continue to act as a board for a period of up to 6 months. If after 6 months, sufficient vacancies have not been filled to enable a quorum, the remaining non-executive board members shall call a general meeting of the Association and the shareholders at that general meeting shall appoint persons to bring the number of non-executive board members up to that required by these Rules. Non-executive board members appointed in this way shall hold office until the next annual general meeting.
- D3** Except for co-optees only shareholders can be non-executive board members.
- D3.1** The board may appoint co-optees to serve on the board on such terms as the board resolves and may remove such co-optees. A co-optee may act in all respects as a non-executive board member, but they cannot take part in the deliberations nor vote on the election of officers of the association nor any matter directly affecting shareholders.
- D3.2** Not more than 5 co-optees can be appointed to the board or to any committee at any one time.
- D3.3** **Independent shareholders cannot become tenant non-executive board members, however tenant shareholders can become independent non-executive board members.**
- D4** For all non-executive board members:
- D4.1** The board shall make available the obligations (including the expected standards of conduct) of every non-executive board member (including co-optees) to the board and to the association. The board shall review and may amend the obligations of non-executive board members from time to time.

- D4.2** No non-executive board member (including co-optees) may act as such until they have signed and delivered to the board a statement, confirming that they will meet their obligations (including the expected standards of conduct) to the board and to the association. The board may vary the form of statement from time to time.
- D4.3** Any non-executive board member (including co-optees) who has not signed such statement without good cause within one month of election or appointment to the board or, if later, within one month of adoption of these rules, shall immediately cease to be a non-executive board member unless the board resolves to disapply this rule in respect of any non-executive board member.

### **Cessation of non-executive board membership**

- D5** No one can become or remain a non-executive board member (or a sub-committee member) if at any time:
- D5.1** they are disqualified from acting as a director of a company, as a non-executive board member of another registered society or as a charity trustee] for any reason; or
  - D5.2** they have been convicted of an indictable offence which is not, or cannot be, spent; or
  - D5.3** a composition is made with that person's creditors generally in satisfaction of that person's debts; or
  - D5.4** they are not a shareholder (unless they are a co-optee of the association or a group member or a local authority person);
  - D5.5** they have absented themselves from three consecutive meetings of the board or other committee (as specified by the board) in one rolling twelve-month period without special leave of absence from the board;
  - D5.6** a registered medical practitioner who is treating that person gives a written opinion to the association stating that that person has become physically or mentally incapable of acting as a non-executive board member, co-optee or committee member and may remain so for more than three months; or
  - D5.7** they are a tenant and are in material or serious breach of their tenancy agreement or lease and fail to rectify the breach within a reasonable timeframe as agreed with the association or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: criminal behaviour order, injunction pursuant to section 1 of the Anti-social Behaviour, Crime and Policing Act 2014, demoted tenancy, or closure order or any other judicial order (however named) which has an equivalent effect; or
  - D5.8** the association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the association provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a non-executive board member, co-optee or committee member upon failing to meet the terms of the order; or
  - D5.9** having been a tenant, a non-executive board member ceases to be a tenant provided that the board may at its discretion allow such person to remain as an independent non-executive board member;
  - D5.10** in the case of an independent non-executive board member they are or become a local authority person and any non-executive board member or committee member who at any time ceases to qualify under this rule shall immediately cease to be a non-executive board member, co-optee or committee member (as appropriate).

**D6** A non-executive board member may be removed from the board:

**D6.1** by resolution at a general meeting; or

**D6.2** by a resolution passed by two-thirds of the non-executive board members present and voting at a board meeting excluding the non-executive board member subject of the proposed removal and excluding co-optees, provided the following conditions are satisfied:

- at least fourteen days' notice of the proposed resolution has been given to all non-executive board members; and
- the notice sets out in writing the reasons for the removal; and
- the board is satisfied that the reasons justify the removal.

**D7** A non-executive board member may resign by giving written notice of resignation.

### **Terms of office and election to the board**

**D8** In every notice for an annual general meeting the board shall state those non-executive board members continuing in office and those candidates intending to offer themselves for election.

**D9** Each non-executive board member elected under rule D12 shall be elected in accordance with any non-executive board membership policies adopted by the board from time to time, and shall be elected for a fixed term of office expiring at the conclusion of an annual general meeting (each a "fixed term") not being later than the third such meeting after their appointment or preceding co-option to the board. No fixed term shall be set which would cause the relevant non-executive board member to serve beyond their ninth consecutive annual general meeting and for this purpose, time served on the board of another group member or on the board of any predecessor of the association or of another group member shall be counted save where the board agrees that circumstances exist where it would be in the best interest of the association for a non-executive board member to serve for a longer period.

**D10** Whenever the number of non-executive board members is less than permitted by these rules, the board may appoint further non-executive board members in addition to the board's power to co-opt. Any non-executive board member so appointed shall retire at the next annual general meeting.

**D11**

**D11.1** At every annual general meeting each non-executive board member who has served their fixed term shall retire from the Board. Any non-executive board member who retires from the Board at an annual general meeting under this rule D11 shall be eligible for re-election subject to any restrictions contained in these rules;

**D11.2** Any non-executive board member retiring under rule D11.1 having completed nine years' continuous service (or nine years' continuous service plus any extended period agreed by the board under rule D9) on either the board of the association and/or the board of a group member (or any predecessor) shall not be eligible for re-election for at least one full term of office.

**D12**

- D12.1** Non-executive board members will be elected in accordance with open and transparent selection criteria and election procedures set and published from time to time by the board;
- D12.2** The board shall set and publish selection criteria in relation to candidates wishing to stand for election as non-executive board members including a statement of the skills, qualities and experience required by the board amongst its members. These may provide for prospective candidates to be approved by the board before they are eligible to stand for election as non-executive board members;
- D12.3** The board, in accordance with the election procedures set under rule D12.1 shall endeavour to ensure that the board possesses the quality, skills, competencies and experience which the board has from time to time determined that it requires;
- D12.4** If at elections for non-executive board members the number of candidates for election as non-executive board members does not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected. If the number of candidates exceeds the number of vacancies the meeting shall elect the non-executive board members by ballot in such a manner as the chair directs and in accordance with the procedures set under rule D12.1;
- D12.5** In an election for candidates wishing to be non-executive board members at a general meeting every shareholder present or by proxy shall have one vote for every vacancy but shall not give more than one vote to any one candidate;

#### **Quorum for the board**

- D13** Subject to the provisions of rule D14 no less than half of the number of voting members (which may include Non-executive board members and co-optees (except for the circumstances set out in Rule D3.1)) shall form a quorum. The board may determine a higher number or impose additional requirements.
  
- D14** If the number and make up of non-executive board members falls below the number and make up necessary for a quorum, the remaining non-executive board members may continue to act as the board for a maximum period of six months and the provisions of D13 shall be suspended for that time. At the end of that time the only power that the board may exercise shall be to bring the number and make up of non-executive board members up to that required by these rules.

#### **Non-executive board members' interests**

- D15** No non-executive board member, co-optee or member of a committee shall have any financial interest in any contract or other transaction with the association or with any other group member, or be granted a benefit by the association, unless such interest or benefit:
  - D15.1** is expressly permitted by these rules or is permitted by any relevant legislation, determination, specification or guidance from time to time from the regulator;
  - D15.2** would not be in breach of, and would not be inconsistent with, any determination, guidance, standard or code published by the regulator or any code of conduct and/or governance adopted by the board.
  
- D16** Any non-executive board member, co-optee or member of a committee, having an interest in any arrangement between the association and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Such disclosure must comply with any code of conduct and/or governance adopted by the board from time to time. Unless it is expressly permitted by these rules they shall not remain present (unless requested to do so by the board or committee), and they shall not have any vote on the matter in question.

- D17** Subject to rule D18, if a question arises at a meeting of non-executive board members or of a committee of non-executive board members as to the right of a non-executive board member, co-optee or member of a committee to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair or to the chair of the committee as the case may be, whose ruling in relation to any non-executive board member or committee member other than the chair is to be final and conclusive.
- D18** If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair or chair of the committee, the question is to be decided by a decision of the non-executive board members or committee members at that meeting, for which purpose the chair or chair of the committee is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- D19** Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
- D20** Every non-executive board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of:
- D20.1** all other bodies in which they have a significant and material interest as:
- a director or officer; or
  - a member of a firm; or
  - an official or elected member of any statutory body; or
  - the owner or controller of more than two per cent of a company the shares in which are publicly quoted or more than ten per cent of any other company; or
- D20.2** any property owned or managed by the association which they occupy.
- D21** Every non-executive board member, co-optee and member of a committee shall ensure that the secretary at all times also has a list of any other significant or material interest which, in each case, would or could affect any arrangement with the association.
- D22** If requested by a majority of the non-executive board members, or members of a committee (as appropriate) at a meeting convened specially for the purpose, a non-executive board member, co-optee or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time as the board directs.
- D23** Notwithstanding rule D15, the association may:
- D23.1** pay properly authorised expenses to non-executive board members, co-optees and members of committees when actually incurred on the association's business;
- D23.2** pay insurance premiums in respect of insurance taken out to insure officers and employees; and
- D23.3** pay allowances, recompense for loss of earnings, grant benefits or remuneration and fees to non-executive board members, co-optees and members of committees provided that any such payment or benefit is expressly permitted by (or not prohibited by) any relevant legislation, determination, specification or guidance from the regulator.
- D24** A non-executive board member, co-optee or member of a committee shall not have an interest for the purpose of rules D15 to D21 as a non-executive board member, director



or officer of a group member.

- D25** Non-executive board members, co-optees or members of committees, who are tenants of the association shall be deemed not to have an interest for the purpose of rules D15 to D21 in any decision affecting all or a substantial group of tenants of the association.
- D26** The grant of a tenancy, licence or lease by the association at the direction of another body or on a basis which is consistent with any applicable guidance, determination, standard or code of practice of the regulator (or any code of conduct and/or governance of the board from time to time, adopted by the board) to a non-executive board member, co-optee or member of a committee is not the grant of a benefit for the purpose of rule D15.

### **Meetings of the board**

- D27** The board shall meet at least four times every accounting year. At least seven days' written notice of the date and place of every board meeting delivered by hand or sent by post or Electronic Communication shall be given by the secretary (or other officer in accordance with approved arrangements) to all non-executive board members and co-optees. The board may meet on shorter notice where not less than seventy-five per cent of the non-executive board members so agree.
- D28** Meetings of the board may be called by the secretary, or by the chair, or by two non-executive board members who give written notice specifying the business to be carried out. The secretary shall send a written notice to all non-executive board members as soon as possible after receipt of such a request. Pursuant to the request, the secretary shall call a meeting on at least seven days' notice but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a meeting then the chair or two non-executive board members, whichever is the case, shall call such a meeting.

### **Availability of certain board statements**

- D29** The board shall agree and make available:
- the board's statement of the values and objectives of the association;
  - a statement of the current obligations of non-executive board members to the board and the association;
  - the policy for admitting new shareholders.
- The board may vary the form of these statements from time to time.

### **Management and delegation**

- D30** The board may delegate any powers under written terms of reference to its committees or to officers or employees. Those powers shall be exercised in accordance with any written instructions given by the board.
- D31** The board may reserve to itself certain significant matters that cannot be delegated to committees or employees.
- D32** The membership of any committee shall be determined by the board. Every committee shall include one non-executive board member or co-optee. The board will appoint the chair of any committee and shall specify the quorum.

**D33** All acts and proceedings of any committee shall be reported to the board.

**Miscellaneous provisions**

**D34** All decisions taken at a board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.

**D35** A resolution sent to all non-executive board members or all members of a committee and signed, or confirmed by Electronic Communication by three-quarters of the non-executive board members or three-quarters of the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee and may consist of documents in the same form and signed or confirmed Electronic Communication by one or more persons.

**D36** Meetings of the board or a committee can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings. Any person who attends in this manner will be deemed to be present at the meeting and whether or not all are assembled in one place.

**D37** Notice may be given to non-executive board members in accordance with rule G16. The accidental failure to give notice to a non-executive board member or the failure of the non-executive board member to receive such notice shall not invalidate the proceedings of the board.

**D38** The board may, by power of attorney or otherwise, appoint any person to be the agent of the association for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of their powers.

## **PART E CHAIR, VICE CHAIR, CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS**

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### **The chair**

- E1** The association shall have a chair, who shall chair board meetings, and shall be elected by the board on such terms as the board determines. The association may also have a vice chair who, in the chair's absence, shall act as the chair and have the chair's powers and duties and who shall be elected by the board. The arrangements for election and removal of any vice chair shall be determined by the board.
- E2** The first item of business for any board meeting when there is no chair (or vice chair) or the chair (or vice chair) is not present shall be to elect a chair for the purpose of the meeting. The chair shall at all times be a shareholder and a non-executive board member or co-optee.
- E3** In a case of an equality of votes, the chair shall have a second vote.
- E4** The chair of the association may be removed at a board meeting called for that purpose provided the resolution is passed by at least two-thirds of the members of the board present and voting at the meeting.

### **The chair's responsibilities**

- E5** The board will set out in writing the duties of the chair.
- E6** The board shall seek to ensure that there is a written statement of the chair's responsibilities which shall be agreed with the board, and reviewed from time to time.

### **The chief executive**

- E7** The association may have a chief executive appointed by the board who is responsible for managing the day-to-day affairs of the association. The chief executive shall be appointed with a written and signed contract of employment, which shall include a clear statement of the duties of the chief executive.

### **The secretary**

- E8** The association shall have a secretary who shall be appointed by the board and who may be an employee, but cannot be the chief executive. The board may also appoint a deputy secretary (who may also be an employee, but may not be the chief executive) to act as secretary in the secretary's absence. The Secretary's duties will be clearly set out in writing and agreed by the board.

### **Other officers**

- E9** The board may designate as officers such other executives, internal auditor and staff of the association on such terms (including pay) as it from time to time decides.

### **Miscellaneous**

- E10** Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.
- E11** Except for the consequences of their own dishonesty or negligence no non-executive board member, officer or employee shall be liable for any losses suffered by the association or any group member.

**Auditor**

- F1** The association, if required by law to do so, shall appoint an auditor or firm of auditors to act in each financial year. They must be qualified as provided by Section 91 of the CCBSA.
- F2** The following cannot act as auditor:
- F2.1** an officer or employee of the association;
  - F2.2** a person employed by or employer of, or the partner of, an officer or employee of the association.
- F3** The association's auditor may be appointed by the board or by a resolution of shareholders.
- F4** Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's accounts as well unless:
- F4.1** a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
  - F4.2** the auditor does not want to act and has told the association so in writing; or
  - F4.3** the person is not qualified or falls within rule F2 (above); or
  - F4.4** the auditor has become incapable of acting; or
  - F4.5** notice to appoint another auditor has been given.
- F5**
- F5.1** No less than twenty-eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed;
  - F5.2** the association shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible;
  - F5.3** if not, the association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the association which must be notified to its shareholders under Section 95 of the CCBSA.

**Auditor's duties**

- F6** The findings of the auditor shall be reported to the association, in accordance with Section 87 of the CCBSA.
- F7** The board shall produce the revenue account and balance sheet audited by the auditor, if required, and the auditor's report, if required, at each annual general meeting. The board shall also produce its report on the affairs of the association which shall be signed by the person chairing the meeting which adopts the report.

**Accounting requirements**

- F8** The end of the accounting year must be a date allowed by the registrar.
- F9** The association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 75 and 76 of the CCBSA.
- F10** The association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

## **Annual returns and balance sheets**

- F11** Every year, within the time period specified by legislation, the secretary shall send the association's annual return to the registrar. The return shall be prepared in accordance with the period specified in the CCBSA, or such other date allowed by the registrar and shall be lodged within the period required by law. The annual return shall be accompanied by the auditor's report, if required, for the period of the return and the accounts and balance sheets to which it refers.

## **Borrowing**

- F12** The total borrowings of the association at any time shall not exceed £1,000 million (one thousand million) pounds sterling or such a larger sum as the association determines from time to time in general meeting. For the purpose of this rule F12, at any relevant time, any amount of the association's borrowings in any currency other than pounds sterling (as may be permitted or not prohibited by the regulator from time to time) shall be converted to sterling using the exchange rate or rates applicable under the related derivative transaction or transactions by which the association has hedged its exposure to currency exchange rate movements in relation to the principal amount of such borrowings or, if there is no rate related derivative transaction by which the exposure is hedged, at the exchange rate prevailing at the time the borrowings were entered into.
- F13** The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the board, is reasonable having regard to the terms of the loan. The board may delegate the determination of the said interest rate within specified limits to an officer, non-executive board member or a committee.
- F14** **F14.1** In respect of any proposed borrowing, for the purposes of rule F12 and in relation to the amount remaining un-discharged of any deferred interest or index-linked monies or amounts on any deep discounted security previously borrowed by the association, the amount of such pre-existing borrowing shall be deemed to be the amount required to repay such pre-existing borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing;
- F14.2** for the purposes of rule F13 in respect of any proposed borrowing intended to be on deferred interest or index-linked terms or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by the association at the time of the proposed borrowing; and
- F14.3** no person dealing in good faith with the association shall be concerned to know whether rule F12 or F13 or this rule F14 have been complied with.

## **Investment**

- F15** The funds of, or monies borrowed by, the association may be invested by the board in such manner as it determines and as permitted by the CCBSA.

## **Consents/disposal of assets**

- F16** The association needs to ensure that it complies with any relevant legislation, determination, specification or guidance from the regulator regarding the need to obtain necessary consents from the Welsh Government.

## **Donations**

- F17** The association may receive from any person, whether a member or not, donations to further the purposes of the association.

**Registered office and name**

- G1** The association's registered office is Tŷ Gwyn, Brunel Way, Baglan Energy Park, Neath, SA11 2FP.
- G2** The association's registered name must:
- G2.1** be placed prominently outside every office or place of business; and
  - G2.2** be engraved on its seal; and
  - G2.3** be stated on its business letters, notices, advertisements, official publications, cheques, invoices, website and any other formal corporate communication whether electronic or otherwise.

**Disputes**

- G3** Any dispute on a matter covered by these rules shall be referred by either party to a suitably qualified independent mediator for settlement. The mediator shall be appointed by agreement between the parties or, in default of agreement, by the Centre for Effective Dispute Resolution (or any successor body from time to time). The mediation will be conducted in accordance with the requirements of the mediator. Both parties will be obliged to comply and co-operate with this procedure at each stage and to share equally the costs of appointment of the relevant mediator as referred to above. Costs thereafter will be borne as the mediator will determine. Where the dispute is not resolved by mediation, any claim shall be dealt with in the county court which shall have sole jurisdiction over any dispute arising under the rules.

**Minutes, seal, registers and books**

- G4** The minutes of all general meetings and all board and committee meetings shall be recorded, agreed at the relevant subsequent meeting and signed by the chair of the subsequent meeting and stored safely.
- G5** The secretary shall keep the seal. It shall not be used except under the board's authority. It must be affixed by one non-executive board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the execution of deeds in any other way permitted by law.
- G6** The association must keep at its registered office:
- G6.1** the register of shareholders showing:
    - the names and addresses of all the shareholders; and
    - a statement of all the shares held by each shareholder and the amount paid for them; and
    - a statement of other property in the association held by the shareholder; and
    - the date that each shareholder was entered in the register of shareholders.
  - G6.2** a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders;
  - G6.3** a register of holders of any loan;
  - G6.4** a register of mortgages and charges on land; and
  - G6.5** a copy of the rules of the association.
- G7** The association must display a copy of its latest balance sheet and auditor's report (if one is required by law) at its registered office.

- G8** The association shall give to any shareholders or person interested in the funds of the society on request copies of its last annual return with the auditor's report (if one is required by law) on the accounts contained in the return, free of charge.
- G9** The secretary shall give a copy of the rules of the association to any person on demand who pays such reasonable sum as permitted by law.

#### **Statutory applications to the registrar**

- G10** Ten shareholders can apply to the registrar to appoint an accountant to inspect the books of the association, provided all ten have been shareholders of the association for a twelve-month period immediately before their application.
- G11** The shareholders may apply to the registrar in order to get the affairs of the association inspected or to call a special general meeting. One hundred shareholders, or one-tenth of the shareholders, whichever is the lesser, must make the application.

#### **Amendment of rules**

- G12** **G12.1** The rules of the association may be rescinded or amended.
- G12.2** The rules may only be amended by a resolution put before the shareholders by the board and approved by at least two-thirds of the board prior to approval by the shareholders.
- G12.3** Rules A2; A3; A4; B1; B2; B3; C2; C3; D13; D27; G12 and G14 can only be amended or rescinded by way of a written resolution or by three fourths of the votes cast at a general meeting. Any other rule can be rescinded or amended by two thirds of the votes cast at a general meeting or by way of a written resolution.
- G12.4** Amended rules shall be registered with the registrar as soon as possible after the amendment has been agreed. An amended rule is not valid until it is registered.
- G12.5** A copy of the amended rules shall be sent to the regulator as soon as possible after registration by the registrar.

#### **Dissolution**

- G13** The association may be dissolved by a three-fourths majority of shareholders who sign an instrument of dissolution in the prescribed format or by winding-up under the CCBSA.
- G14** **G14.1** Any property that remains, after the association is wound-up or dissolved and all debts and liabilities dealt with, the shareholders may resolve to give or transfer to another body with objects similar to that of the association;
- G14.2** if no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust;
- G14.3** if the association is registered as a social landlord with the regulator any transfer or gift must be in compliance with the Housing Act 1996 (as it applies to Wales) and the Housing (Wales) Measure 2011 or any other relevant legal and regulatory provisions which exist from time to time.

## Interpretation of terms

- G15** In these rules, including this rule, unless the subject matter or context is inconsistent:
- G15.1** words importing the singular or plural shall include the plural and singular respectively;
  - G15.2** words importing gender shall include the male and female genders;
  - G15.3** "amendment of rules" shall include the making of a new rule and the rescission of a rule, and "amended" in relation to rules shall be construed accordingly;
  - G15.4** "the association" shall mean the association of which these are the registered rules;
  - G15.5** "board" shall mean the board appointed in accordance with Part D and "non-executive board member" or "member of the board" shall mean a member of the board for the time being but shall not include a person co-opted to the board;
  - G15.6** "the CCBSA" shall mean the Co-operative and Community Benefit Societies Act 2014;
  - G15.7** "chair" shall, save in rule E1 and where applicable, include the vice chair;
  - G15.8** "Council" shall mean Neath Port Talbot County or County Borough Council
  - G15.9** "derivative transaction" means any transaction which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of these transactions.
  - G15.10** "Electronic Communication" has the meaning given to "electronic form" and "electronic means" in section 148 of the CCBSA;
  - G15.11** "group member" means the association, each subsidiary of the association, any body corporate of which the association is a subsidiary and any subsidiary of such body corporate and for this purpose "subsidiary" has the meaning within the CCBSA and/or the Housing Act 1996 and/or the Companies Act 2006;
  - G15.12** "local authority person" shall mean any person (i) who is or has been an elected representative of the local authority member in the preceding four years; or (ii) who is an officer of the local authority member; or (iii) who is both an employee and either a director, manager, secretary or other similar officer of a company which is under the control of the local authority member; or (iv) who is the spouse or a close relative of any person falling within paragraphs (i) and (ii).
  - G15.13** "officer" shall include the chair and secretary of the association and any non-executive board member for the time being and such other persons as the board may appoint under rule E9;
  - G15.14** "property" shall include all real and personal estate (including loan stock certificates, books and papers);
  - G15.15** "register of shareholders" means the register kept in accordance with rule G6.1;
  - G15.16** "registrar" means the Financial Conduct Authority or any statutory successor to or any assignee of any or all of its relevant functions from time to time;
  - G15.17** "regulator" in Wales refers to the Welsh Government or any statutory successor to or any assignee of any or all of their relevant functions from time to time;
  - G15.18** "secretary" means the officer appointed by the board to be the secretary of the association or other person authorised by the board to act as the secretary's deputy;



- G15.19** "shareholder" shall mean one of the persons referred to in rule C5 and means "member" as defined by the CCBSA;
- G15.20** "tenant" means a person who alone or jointly with others holds a tenancy, lease or licence to occupy the association's premises for residential use or the premises of any other group member;
- G15.21** "associate member(s)" means those persons and organisations admitted to associate membership pursuant to rule C11, the associate members do not have any voting rights.
- G15.22** "independent non-executive board members" shall mean Non-executive board members selected and confirmed in accordance with rule D12.
- G15.23** "leaseholder" shall mean a person who alone or jointly with others holds a long lease of the Community Mutual's property for residential use.
- G15.24** "corporate body" means a **corporate** entity which has a legal existence. This includes a private company, public company, small company, Limited Liability Partnerships, foreign company etc
- G15.25** "unincorporated body" is a group that does not have a separate legal entity of its own. Usually the group's activities are limited to, for example, holding social or community events. **G15.26** "these rules" shall mean the registered rules of the association for the time being;
- G15.27** references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision;
- G15.28** "special resolution" means a resolution as defined by the CCBSA

**G16** Any notice to which this rule applies will be effectively served if delivered to a shareholder or non-executive board member at the address most recently provided by the shareholder or non-executive board member for this purpose or (as the case may be) delivered to the association at its registered office for the attention of the secretary. Communications will be in writing or other forms of communication including electronic that have been approved by the board. Such notice will be deemed to have been served:

- G16.1** if served by hand, on delivery;
- G16.2** if served by first class post, on the business day after the day it is put in the post; or
- G16.3** If served by Electronic Communication, on confirmation (which may be automatic) that the notice has been received, provided that it is in a legible form.

- 1. .... Shareholder
- 2. .... Shareholder
- 3. .... Shareholder
- 4. .... Secretary