

**RULES OF  
BEACON CYMRU GROUP LIMITED**

**REGISTER N<sup>o</sup>·:**

**30438R**

**A society registered under the Co-operative and Community Benefit Societies Act 2014**

**An exempt charity**

**All Previous Rules Rescinded**



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***Based on the Community Housing Cymru Group Model Rules 2021***



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**Part A**

**NAME AND OBJECTS**

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**Name**

- A1 The name of the society shall be Beacon Cymru Group Limited ("the association").

**Objects**

- A2 The association is formed for the benefit of the community. Its charitable objects shall be to carry on for the benefit of the community:
- A2.1 the business of providing (and managing) housing and accommodation and providing assistance to help house people and associated facilities and amenities or services, in each case for people at risk of or living in poverty, or for the relief of elderly people, people with disabilities (whether physical or mental) or chronically sick people;
- A2.2 any other charitable 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 of, assign, or take or grant any interest in land including any mortgage, charge or other security whatsoever, or 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



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effect of a borrowing on such terms as the association may think fit;

- 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 or make grants or donations on such terms as the association shall think fit (including without limitation, to other group members);
- B2.7 guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowing or performance of the obligations of a third party, in each case on such terms as the association shall think fit;
- B2.8 pay insurance premiums in respect of insurance taken out to insure officers and employees against the cost of a successful defence to a criminal prosecution brought against them as officers or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or a breach of duty in relation to the association or as a trustee of any pension fund of the association; and
- B2.9 support, administer or acquire other corporate bodies.

- 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 to D34, the exercise of any of its powers to any officer or officers, committee or committees and to any employee or 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



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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 these rules or such 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 Subject to rule C38, 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 shareholder 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.
- C6 The following cannot be or become shareholders:
- C6.1 a minor – as determined by the board;
  - C6.2 a person who has been expelled as a shareholder, unless authorised by a special resolution at a general meeting as set out in rule C15.3;
  - C6.3 an employee of the association or an employee of a group member;
  - C6.4 a person who has been removed by the board in accordance with rule D5;
  - C6.5 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



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or mentally incapable of exercising their rights as a shareholder and may remain so for more than three months;

- C6.6 a person who is disqualified from acting as a director of a company or as a charity trustee for any reason;
- C6.7 a person who is or has been convicted of an offence, indictable or otherwise, which in the opinion of at least a majority of the board may bring the association into disrepute or is incompatible with the role of shareholder; or
- C6.8 a person who has been declared bankrupt or who is the subject of any composition made with that person's creditors generally in satisfaction of that person's debts.

- C7 A shareholder can be the nominee of an unincorporated body. In such cases the register of shareholders shall contain the name and address of the shareholder and shall designate the shareholder as the nominee of a named unincorporated body. The address of the unincorporated body shall also be entered in the register if it differs from the address of the shareholder nominee.
- C8 A corporate body can be a shareholder. It can appoint an individual to exercise its rights at general meetings. Any such appointment shall be in writing or other forms of communication in accordance with rule G16, and given to the secretary.
- C9 No shareholder shall hold more than one share and each share shall carry only one vote.
- C10 A share cannot be held jointly unless by nominees of an unincorporated body.

### Admission of shareholders

- C11 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.
- C12 An applicant for a share shall apply in writing to the association's registered office in accordance with any approved membership policies made available by the board under rule C11.
- C13 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

- C14 A shareholder shall cease to be a shareholder if:
  - C14.1 they die; or
  - C14.2 they are expelled under rule C15; or
  - C14.3 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 their withdrawal



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to the secretary; or

- C14.4 they do not participate in, nor deliver written apologies in advance for, two consecutive annual general meetings of the association; or
- C14.5 in the case of a body corporate it ceases to be a body corporate; or
- C14.6 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or
- C14.7 they cease to be eligible to be a shareholder under rule C6; or
- C14.8 the association writes to the shareholder asking them if they wish to remain a shareholder of the association, and the shareholder fails to reply that they do within the set period specified in the association's letter (which shall be no less than three months); or
- C14.9 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
- C14.10 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 to any of the foregoing; or
- C14.11 having been a tenant, a shareholder ceases to be a tenant, provided that the board in its discretion allows such person to remain a shareholder; or
- C14.12 having been a board or committee member, they cease to hold any position as a board or committee member unless the board in its discretion allows such person to remain a shareholder.

**C15**

A shareholder may only be expelled by a resolution at a special general meeting called by the board.

- C15.1 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.
- C15.2 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.
- C15.3 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 membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the shareholders present in person or by proxy and voting



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on a poll at an annual or special general meeting.

### Annual general meeting

- C16 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.
- C17 The functions of the annual general meeting shall be:
- C17.1 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.
- C17.2 subject to rules F3 and F4, to appoint the auditor (if one is required by law);
- C17.3 to elect (or re-elect) board members if applicable;
- C17.4 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

- C18 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C18.1 upon an order of the board; or
- C18.2 upon a written requisition signed by one-tenth of the shareholders (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened.
- C19 If within twenty-eight days after delivery of a shareholders' written requisition to the secretary a meeting is not convened, the shareholders who have signed the requisition may convene a meeting.
- C20 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

### Calling a general meeting

- C21
- C21.1 Subject to rule C23, 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:
- may be posted or delivered by hand or sent by Electronic Communication to every shareholder at the address or Electronic Communication address given for them in the register of shareholders; and
  - shall state whether the meeting is an annual general meeting or special general meeting, and provide details of any means of participation, attendance or



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communication by electronic facility or facilities and the time, date and place of the meeting, and the business for which it is convened.

- C21.2 The board may make whatever arrangements it considers appropriate to facilitate the attendance and participation of shareholders (and other attendees) at general meetings including by means of electronic facility or facilities.
- C21.3 The board shall determine in relation to each general meeting the means of attendance at and participation in the meeting including whether the persons entitled to attend and participate in the meeting shall be enabled to do so by means of electronic facility or facilities.
- C22 Any accidental failure to get any notice to any shareholder shall not invalidate the proceedings at that general meeting.
- C23 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 C21.

### Proceedings at general meetings

#### C24

- C24.1 Before any general meeting can start its business there must be a quorum present. A quorum is one-tenth of all shareholders, with a minimum number of six and a maximum number of twenty-five.
- C24.2 As part of the quorum at least two shareholders must be present in person. General meetings can take place in any manner and through any medium which permits those attending to hear and/or comprehend, identify speakers and comment on the proceedings. Any person who attends in this manner will be deemed to be present in person at the meeting whether or not all are assembled in one place.
- C24.3 If the shareholders present in person at the meeting are not in the same place then the meeting shall be deemed to take place at the association's registered office.
- C25 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.
- C26 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 rule C24 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.
- C27 The chair of any general meeting can:
- C27.1 take the business of the meeting in any order that the chair may decide; and
- C27.2 adjourn the meeting if the majority of the shareholders present in person 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



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the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.

- C28 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

- C29 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. 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.

### Voting

- C30 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 decided on a show of hands. On a show of hands every shareholder present in person and on a ballot every shareholder present in person 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.
- C31 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the association shall be conclusive evidence of that fact.
- C32 Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
- C33 A ballot on a resolution may be demanded by any three shareholders at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot.
- C34 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.
- C35 Subject to the CCBSA, a resolution in writing signed, approved 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



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to all shareholders and the requisite majority of shareholders referred to in rule C36 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.

C36 For the purposes of rule C35 the requisite majorities are:

C36.1 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;

C36.2 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

C36.3 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

C37 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 their 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. The following make provision for representatives and nominees taking into account the provisions of these rules:

C37.1 The CCBSA provides that a shareholder may nominate a person or persons to whom property in the association at the time of his/ her death shall be transferred. As any such share will have been cancelled, no person so nominated under the CCBSA shall be entitled to any property of that shareholder on their death.

C37.2 No property shall be capable of transfer to any personal representative of a deceased shareholder.

C38 Upon a claim being made by a trustee in bankruptcy of a bankrupt shareholder to the share held by that shareholder, the association shall transfer such share to which the trustee in bankruptcy is entitled and as the trustee in bankruptcy may direct them.

## 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



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out separately in a code of governance or otherwise in writing.

### Composition of the board

**D2** The board shall consist of between five (5) and fifteen (15) board members (including co-optees) as may be determined by the board.

**D3**

**D3.1** Except for co-optees and employees only shareholders can be board members.

**D3.2** The board may appoint or co-opt employees to the board on such terms as the board resolves but no employee may be appointed or co-opted to the board if, following their appointment or co-option, employees would be in a majority.

**D3.3** Subject to rule D2 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 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.

**D3.4** Not more than five co-optees may be appointed to the board or to any committee at any one time.

**D4**

For all board members and co-optees:

**D4.1** The board shall make available the obligations (including the expected standards of conduct) of every board member and co-optee to the board and to the association. The board shall review and may amend the obligations of board members and co-optees from time to time.

**D4.2** No board member or co-optee 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 board member or co-optee 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 board member unless the board resolves to disapply this rule in respect of any board member.

### Cessation of board membership

**D5** No one can become or remain a board member, co-optee or committee member if at any time:

**D5.1** they are disqualified from acting as a director of a company, as a board member of another registered society or as a charity trustee for any reason; or

**D5.2** they are or have been convicted of an offence, indictable or otherwise, which in the opinion of the remaining board members may bring the association into disrepute or is incompatible with the role of board member, committee member or co-optee,



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and the board resolves (by a simple majority) that they should be removed; 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 or an employee of the association or of a group member); or
- D5.5 they have absented themselves from three consecutive meetings of the board or committee (as the case may be) in one rolling twelve-month period without special leave of absence from the board; or
- 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 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 effect equivalent to any of the foregoing; 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 board member, co-optee or committee member upon failing to meet the terms of the order; or
- D5.9 they are an employee of the association or any other group member and their contract of employment is terminated for any reason whatsoever; or
- D5.10 in relation to any non-executive board member, their terms of appointment (howsoever named) with the association or any other group member are terminated in accordance with their terms; or
- D5.11 having been a tenant on their appointment as a board member or co-optee, they cease to be a tenant, unless the board at its discretion allows such person to remain a board member or co-optee;

and any board member, co-optee or committee member who at any time ceases to qualify under this rule shall immediately cease to be a board member, co-optee or committee member (as appropriate).

D6

A board member may be removed from the board:

- D6.1 by a resolution passed by at least two-thirds of the shareholders present and voting at a general meeting; or
- D6.2 by a resolution passed by two-thirds of the board members present and voting at a board meeting excluding the board member subject of the proposed removal and excluding any co-optees and employees, provided the following conditions are



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satisfied:

- at least fourteen days' notice of the proposed resolution has been given to all 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 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 board members continuing in office and those candidates intending to offer themselves for election.

D9 Each board member elected under rule D12 shall be elected in accordance with any 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. No fixed term shall be set which would cause the relevant board member to serve beyond their ninth consecutive annual general meeting and for this purpose, time served as co-optee or as a committee member or on the board of another group member (including as a co-optee) 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 interests of the association for a board member to serve for a longer period.

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

D11

D11.1 At every annual general meeting each board member who has served their fixed term shall retire from the board. Any 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 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 three years.

D12

D12.1 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 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



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stand for election as 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, diversity of thought and experience which the board has from time to time determined that it requires.
- D12.4 If at elections for board members the number of candidates for election as 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 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 board members at a general meeting every shareholder present in person 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 three board members shall form a quorum. The board may determine a higher number or impose additional requirements. The board will not be quorate unless board members who are employees of the association are in a minority.
- D14 If the number and make up of board members falls below the number and make up necessary for a quorum, the remaining board members may continue to act as the board for a maximum period of six months and the provisions of rule 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 board members up to that required by these rules.

### Board members' interests

- D15 No 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 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 the board or of a committee as to



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the right of a 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 board member, co-optee 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 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 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 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 board or members of a committee at a meeting convened specially for the purpose, a 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 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 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 board member, co-optee or member of a committee shall not have an interest for the purpose of rules D15 to D21 as a board member, co-optee, director or officer of any other



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group member.

- D25 Board members, co-optees or members of committees, who are tenants of the association or any other group member 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 or any other group member.
- D26 The grant of a tenancy, licence or lease by the association or any other group member 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 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 three times every calendar 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 board members and co-optees. The board may meet on shorter notice where not less than seventy-five per cent of the board members so agree.
- D28 Meetings of the board may be called by the secretary, or by the chair, or by two board members who give written notice specifying the business to be carried out. The secretary shall send a written notice to all 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 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 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 board member. The board will appoint the chair of any committee and



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shall specify the quorum.

- D33 All acts and proceedings of any committee shall be reported to the board.
- D34 No committee can incur expenditure on behalf of the association unless at least one board member on the committee has voted in favour of the resolution and the board has previously approved a budget for the relevant expenditure.

### Miscellaneous provisions

- D35 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.
- D36 A resolution sent to all board members or all members of a committee and signed, or confirmed by Electronic Communication by three-quarters of the 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.
- D37 Meetings of the board or a committee can take place in any manner and through any medium which permits those attending to hear and/or comprehend and identify speakers 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.
- D38 Notice may be given to board members, co-optees or members of a committee in accordance with rule G16. The accidental failure to give notice to a board member, co-optee or member of a committee or the failure of the board member, co-optee or member of a committee to receive such notice shall not invalidate the proceedings of the board or committee.
- D39 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.



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The chair shall at all times be a shareholder and a board member and cannot be an employee.

- 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 and responsibilities of the chair and may review these from time to time.

### The chief executive

- E6 The association may have a chief executive appointed by the board. 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

- E7 The association shall have a secretary who shall be appointed by the board and who may be an employee. The board may also appoint a deputy secretary (who may also be an employee) 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

- E8 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

- E9 Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.
- E10 Except for the consequences of their own dishonesty or negligence no board member, officer or employee shall be liable for any losses suffered by the association or any group member.

## Part F

### FINANCIAL CONTROL AND AUDIT

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#### Auditor

- F1 The association, if required by law to do so, shall appoint an auditor or firm of auditors to



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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



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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 billion (one billion) 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, 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.
- 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



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manner as it determines and as permitted by the CCBSA.

### Donations

- F16 The association may receive from any person, whether a shareholder or not, donations to further the purposes of the association.

### Part G

#### MISCELLANEOUS

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#### Registered office and name

- G1 The association's registered office is: 3<sup>rd</sup> Floor, 220 High Street, Swansea SA1 1NW.
- 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 board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the



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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:
  - G6.2 the names and addresses of all the shareholders; and
  - G6.3 a statement of all the shares held by each shareholder and the amount paid for them; and
  - G6.4 a statement of other property in the association held by the shareholder; and
  - G6.5 the date that each shareholder was entered in the register of shareholders.
  - G6.6 a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders;
  - G6.7 a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate;
  - G6.8 a register of holders of any loan;
  - G6.9 a register of mortgages and charges on land; and
  - G6.10 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, but not so as to stop the association being a charity in law.
  - 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



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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 charity in law 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 one gender shall include all and any 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 "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 "clear days" in respect of a notice for a meeting shall mean a period calculated



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excluding both the day on which any notice or communication is deemed to be received under these rules and the date of the meeting;

- 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 "officer" shall include the chair and secretary of the association and any board member for the time being and such other persons as the board may appoint under rule E8;
- G15.13 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.14 "register of shareholders" means the register kept in accordance with rule G6.1;
- G15.15 "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;
- G15.16 "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;
- G15.17 "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;
- G15.18 "shareholder" shall mean one of the persons referred to in rule C5 and means "member" as defined by the CCBSA;
- G15.19 "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. For the avoidance of doubt, references to "tenants" shall include contract holders under the Renting Homes (Wales) Act 2016;
- G15.20 "these rules" shall mean the registered rules of the association for the time being;
- G15.21 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;
- G15.22 "special resolution" means a resolution requiring majority approval of at least two-thirds or three-quarters, as may be specified in these rules or as defined by the



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CCBSA.

G16

Any notice to which this rule applies will be effectively served if delivered to a shareholder or board member at the address (or number, as the case may be, in the case of Electronic Communication) most recently provided by the shareholder or 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. Notices may be sent by Electronic Communication if the shareholder or board member in question has agreed to accept notices by this method. 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.