Explanatory Note for Members

Proposed Changes to the Club Constitution

Introduction

As a company governed by the Companies Act 2014, the Club has a **Constitution** comprising two parts: **Memorandum of Association** and **Articles of Association**.

The **Memorandum of Association** sets out the Club's objectives, scope of operations, and its relationship with the members (its shareholders); the **Articles of Association** define the internal rules and regulations governing the management and operation of the Club.

Although no change to the **Memorandum of Association** is proposed, the Board has identified a number of areas within the **Articles of Association** that require update or revision. In the course of the review, there were extensive minor edits made to the **Articles** to improve language and cross-referencing. As a consequence of all these edits, the numbering sequence of the Articles has also been modified. The substantive changes proposed for the **Articles** are listed below.

1. Definition of 'Member' and 'Company Member' (Article 1)

To comply with our obligations under the Companies Act, the Constitution needs to distinguish between a Member (defined so as to include all members of every membership categories) and a Company Member (referring only to those members with voting rights i.e. Full, Six Day and Five Day).

2. Definition of a Five Day Member (Article 3)

There is a slight adjustment to simplify this definition to reflect current practice, where an eligible Member applies for change of membership category to Five Day and the Board makes a decision on that application.

3. **Election of Members** (Articles 4 & 5)

This is amended to reflect current practice and to provide clarity on how election to each membership category is dealt with. New Members including Five Day Members are elected by the Board. Honorary Members are elected annually by the members at the annual general meeting.

4. **Member Nomination Requirements** (Article 7)

This is amended to reflect current practice and provide clarity on how the nomination process for membership election is dealt with. Wording has been simplified to facilitate ease of reading and understanding.

5. **Non-Transfer of Membership** (Article 9)

This is amended to refer to the resignation of a Member under Article 17 and the Bye-Laws, Code of Conduct and Complaints Procedures under Article 18 (which will be published as separate documents).

6. **Payment of Subscriptions and Subscription Arrears** (Article 14)

Article 10 previously dealt with subscriptions which may have been payable by instalments in certain circumstances, with a deadline of October 1st. In its place, a new Article 14 has been inserted which enables the Board to deal with subscription arrears or non-payment without having a constraint imposed on it under the Constitution. It was also felt that specific reference to instalment arrangements, to include the condition that they must be paid by October 1st, was no longer relevant. This is because the current practice is not to have such arrangements and also a concern that the historical reference to the October 1st deadline may imply that some Members have until that date to pay their subscription. The phrase 'subscription related liabilities' is also designed to capture a situation where a Member is paying their subscription through the Premium Credit financing scheme but may subsequently default on their payments with adverse consequences for the Club.

7. **Suspension/Rebate of Subscriptions** (Article 13)

The significant change here is to enable Social Membership to be offered to those eligible for the category. The possibility of a rebate and/or a suspension enables the Board to consider cases after the annual subscription for the entire year has been paid.

8. **Resignation/Expulsion of Members** (Articles 17 & 18)

This is a significant change to the process dealing with the resignation/expulsion of Members (previously Article 15). It retains the simple provision for enabling a Member to resign by notice in writing to the Club but removes all previous provisions dealing with termination/expulsion of a Member from the Constitution. The previous provisions included the right of a member to appeal any expulsion decision to an Extraordinary General Meeting of the Club which is not appropriate. These provisions are being replaced by inserting the old Article 26, as amended, into a new Article 18 which gives the Board power to make Bye-Laws and other rules and regulations to include a Code of Conduct and Complaints Procedure which will deal with issues relating to the conduct of Members. It makes practical sense for the Constitution not be prescriptive about such rules and procedures.

9. **Composition of the Board** (Article 19)

The seven members (Directors) of the Board, other than the Officers, are now referred to as Company Members i.e. limited to Members with voting rights. This is consistent with the new definitions for Members now in Article 1. There are some changes to wording here but nothing of significance. There is also an additional clause D to outline the election process for Non-Officer Board Directors.

10. **Termination of a Director** (Article 21)

The previous text here stated that a Director could be removed if requested in writing by all the other Directors. It was felt that such removal without cause was not appropriate and could give rise to challenge. The wording of the text has been amended to provide for the possible removal by a special majority (75%) following due process and not by all other Directors as this could result in a power of veto being vested in one Director.

11. **Resolutions at Electronic Meetings** (Article 23)

Previously the Constitution provided that any Directors participating in Board meetings by electronic means did not qualify as being present in order to make the quorum for attendance and that at least two Directors must be physically present together in order to make up the quorum. This has now been revised.

12. **Attendance and Voting at Member Meetings** (Article 35)

Insertion of an additional provision (c) whereby Section 183 of the Companies Act 2014 shall not apply to the Club and voting by proxy at general meetings is not permitted.

This resolution is required to maintain the status quo in relation to proxy voting that prevailed prior to the Companies Act 2014.

N.B. This revision will be presented as a separate Special Resolution at the AGM.

14. **Chairing of General Meetings** (Article 41)

The President was previously nominated to chair general meetings. This has been revised to nominate the Chair of the Board to chair general meetings.