



association of women
travel executives

**Proposed adoption of updated
ARTICLES OF ASSOCIATION and BYE-LAWS at AGM 2017**

Explanatory Note

It is being proposed to adopt updated versions of both the Company's Articles of Association and the Bye-Laws for a number of reasons.

Firstly, the existing Articles and Bye-Laws do not operate correctly alongside each other. Historically the Articles have been ignored and only the Bye-Laws referred to, when in fact the Bye-Laws have, in reality, been amendments to the Articles. This is not good practice and we would like to comply properly with company law.

Secondly, the existing Bye-Laws currently require two thirds of Members to vote in favour of any amendment to them. This is administratively cumbersome and prevents the Board from operating with more flexibility. We have been advised that most companies have Bye-Laws whose main purpose is to avoid requiring significant membership approval every time a change is necessary or desirable.

The two proposed documents seek to address these issues. We have taken proper informed legal advice and feel the revised Articles and Bye-Laws meet AWTE's needs.

We will be legally compliant, the documents dovetail correctly and we will be able to make changes to the Bye-Laws at Board level, whilst ensuring the core legal requirements are contained in the Articles.

We appreciate the documents are not simple to read through and grasp. To hopefully reduce any extended reading, the notes below set out the key terms to assist you in understanding them.

ARTICLES OF ASSOCIATION

Key terms are as follows:

- The Articles set out the key, core terms. These can only be amended by 75% of the Members attending a General Meeting. As such, these form the most important elements of the underlying framework.
- These Articles adopt and amend a new set of Model Articles which were introduced by the Companies Act 2006. They are in a commonly adopted format with standard amendments to bring them up to date with current law and practice.
- The objects and the powers of the Company are set out in full – the objects have not changed (Arts. 2 and 3).
- Any profit must be used for the promotion of the Company's objects (Art. 4).
- Each Member's liability is limited to £1.00 (Art. 6).
- Minimum 2 Eligible Directors to hold a Board meeting (Art. 9).
- The Chair has a casting vote at Board meetings (Art. 10).
- Only Eligible Directors can count towards a quorum or vote – any Directors with a conflict cannot count or vote unless otherwise authorised by the Board (Art. 11).
- There shall be no less than 2 Directors (Art. 13).
- Membership can be terminated or Members expelled for death, insolvency, misconduct, disrepute, non-compliance with Rules/Articles (Arts. 20 and 21).
- Each member whom the Rules allow to vote and is at a meeting, is entitled to one vote (Art. 22).
- Rules (i.e. Bye-Laws) can be adopted by the Board, but only with 6 Board members attending and no less than two thirds of attendees voting in favour of any proposed changes.

AWTE BYE-LAWS

The Bye-Laws themselves have not been significantly amended, but instead have been updated and, most importantly, altered to allow future amendments by the Board.

As set out above, any such amendment requires at least 6 Directors to attend the meeting at which any changes to the Bye-Laws are proposed, and at least two thirds of all attendees to vote in favour of the amendments. In this way, there is enhanced protection, ensuring a Board meeting with only, say, two attendees, cannot change the Bye-Laws.

Accordingly, the Board will be entitled to make amendments to the Bye-Laws on this basis, provided any such change does not conflict with the underlying terms of the Articles.

The key areas which are set out in the Bye-Laws are as follows:

- Membership fees
- Membership categories and voting rights
- Additional rules around resignation/removal procedures
- The rules relating to Chapters
- Board structure and election/re-election
- Powers of the Board
- Proceedings of the Board – one of quorum must be Chair or Vice-Chair
- Sub-committees – responsibilities and roles

AWTE BENEVOLENT BYE-LAWS

Not to be confused with the AWTE Bye-Laws, these Bye-Laws operate independently of the Articles and are essentially the Rules of the Benevolent. We have also proposed that these Bye-Laws be amended but only in one area – they currently also require two thirds of Members to vote to change them, but in keeping with the proposed new AWTE Bye-Laws to allow flexibility, we propose that this is changed so that the Board of AWTE can amend them. As above, any such amendment would require at least 6 Directors to attend the meeting at which any change to the Bye-Laws are proposed, and at least 66% of all attendees to vote in favour of the amendment(s).

CONCLUSION

We hope this note assists in clarifying the relationship between the new Articles and Bye-Laws. Please contact should you have any queries.

The AWTE Board
April 2017