



# ADRA SHAREHOLDER POLICY



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1. REVISION/REVIEW SHEET

Issue	Brief Description of Reason for Change	Document Owner	Date Issued
1	New Policy	Rhys Evans	22/09/2010
2	Correction	Rhys Evans	05/01/2011
3	Changes to front sheet	Rhys Evans	03/04/2012
4	Corrections	Aled Davies	29/11/2017
5	Revision following revised Rules	Aled Davies	10/07/2019
6	Re-brand	Aled Davies	08/10/2019
7	To reflect Adra's new Rules and the review of Shareholder governance	Aled Davies	Approved by Board March 2022 in readiness of Rule change. New Rules registered by FCA July 2022, and so July 2022 is the effective date



## 2. PURPOSE

**Adra (Tai) Cyfyngedig** (Adra) is a registered society under the Co-operative and Community Benefit Societies Act 2014 registered with charitable rules and is a Registered Social Landlord. Adra is registered and regulated by the Welsh Government. The objective of this Policy is to set out how persons can apply to be shareholders; and to set out processes that apply to Adra's Shareholders.

## 3. SCOPE

The aim of this Policy is to set out the criteria by which Adra's board will (in accordance with Adra's Rules) accepts applications for shareholding. The shareholders of Adra have no right to any profits but have rights to vote on certain matters as set out in the Rules.

## 4. RESPONSIBILITIES

The responsibility for this Policy lies with Adra's Governance Team.

## 5. POLICY DETAIL

### 5.1 Introduction

- 5.1.1 It is a good practice and is required by Adra's Rules that Adra adopts a policy for admitting shareholders. It is important to note that this is not about board membership but about who should be a shareholding member in Adra.
- 5.1.2 Shares in Adra carry no right to payments, but they do carry a right to vote on certain matters as set out in the Rules. Votes are counted according to the formula contained at C9 of the Rules.
- 5.1.3 This Policy sets out how to apply to become a shareholder and how the application will be assessed.
- 5.1.4 All shareholders must agree to be bound by the obligations on them as set out in Adra's Rules and supporting documentation – including Adra's Code of Conduct for Shareholders. When acting as shareholders they must act at all times in the interests of Adra and, for the benefit of the community, as guardians of the objects of Adra.

### 5.2 Adra's policy and consultation promises

5.2.1 As part of the consultation promises made to tenants, Adra promised to adopt an open shareholding by allowing all tenants to apply for admission as shareholders. A purpose of adopting this Policy is to set out the basis on which the board will consider applications.

### 5.3 How to Apply

5.3.1 Under Rule C12 all persons who want to be admitted as shareholders must apply in writing. This application must be made on the appropriate form (CSf11 ) to the Governance Team at Adra's Registered Office which is currently Ty Coch, Llys y Dderwen, Parc Menai, Bangor, Gwynedd, LL57 4BL. Each application has to confirm that the applicant will at all times act in the interests of Adra and, for the benefit of the community as guardians of the objects of Adra .

5.3.2 The applicant must detail in the application form their reasons for making the application and the qualifications for membership in accordance with paragraph 5.3.5 of this Policy. Each applicant shall also enclose the sum of £1.00 (one pound), which shall be returned if the application is not approved.

5.3.3 Each applicant must enclose with their application a signed declaration that they have read and agree to abide by the Shareholder Code of Conduct. This declaration will be in such form as may be required by the Board from time to time, and will be issued with the Shareholder Application Form.

5.3.4 Under rule C13 each application will be considered by the Board (in accordance with its policies and objectives for admitting new shareholders - Rule C11). The Board has the power of absolute discretion in determining whether to accept or reject an application.

5.3.5 In considering the application the Board will have regard to the skills, qualities and experience the applicant will bring to the society, including;

- To have a balance of appropriate skills including (but not exhaustively) legal, business, financial, technical, community work, housing sector experience, relevant public sector experience, human resources and governance.
- To demonstrate an empathy with social housing

5.3.6 The Board will also have regard to the potential for conflicts of interest when considering applications (e.g. membership of or being an officer of another housing association).

5.3.7 All applicants will be informed by the secretary of the outcome of their application within 10 working days of its consideration by the Board. The applicant will be notified of the date of the next Board Meeting when applying. In instances where the application is refused, the reasons for the refusal will be given and the applicant will not be allowed to reapply for consideration until a period of a further twelve months has elapsed.

5.3.7 If approved, the name of the applicant and other necessary particulars will be entered in the register of members by the Secretary. One share in the Association shall be issued to the applicant.

#### **5.4 Provisions applicable to shareholding**

Provisions applicable to shareholding are contained in Part C of Adra's Rules. The Rules are at all times the prevailing authority on shareholder matters.

#### **5.5 Board member shareholders**

5.5.1 Under Rule D5.4, all board members (other than local authority board members, co-optees, and employees of Adra or its group members) must be shareholders. The Board should therefore admit all such board members to be shareholders.

#### **5.6 Who cannot be a shareholder**

According to Rule C6 the following cannot be shareholders:

- a minor – as determined by the Board;
- a person who has been expelled as a shareholder, unless authorised by a resolution at a general meeting;
- an employee of the association or an employee of a group member;
- a person who is a local authority person;
- a person who has been removed by the board in accordance with rule D5;
- 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 exercising their rights as a shareholder and may remain so for more than three months;
- a person who is disqualified from acting as a director of a company or as a charity trustee for any reason, or has been convicted of an indictable offence which is not, or cannot be, spent.
- a person who would ordinarily be eligible for membership of Adra's Tenants and Residents Partnership (or any successor to that organisation), who has been deemed not entitled to become a member of Adra's Tenants and Residents Partnership (or any successor to that organisation).

## 5.7 Other considerations

- 5.7.1 No person or body shall be entered in the register of shareholders if the effect of such registration would be that the percentage of shareholders domiciled in Wales falls below 75%.
- 5.7.2 A shareholder can be the nominee of an unincorporated body.
- 5.7.3 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, and given to the secretary.
- 5.7.4 Leaseholders may be admitted as tenant shareholders provided that no leaseholder can be admitted as a shareholder if, on admission, more than one tenth of the tenant shareholders are leaseholders.
- 5.7.5 No shareholder shall hold more than one share and each share shall carry only one vote. Votes are counted according to the formula contained at C9 of the Rules.

## 5.8 Termination of Membership

- 5.8.1 Adra's Rules are at all times the prevailing authority on this matter. This Policy supplements those provisions to support administration of the Rules.

A shareholder shall cease to be a shareholder if;

- they die; or
- they are expelled under Rule C15.; or
- 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
- they do not participate in, nor deliver written apologies in advance for, two consecutive annual general meetings of the association; or
- in the case of a body corporate it ceases to be a body corporate; or
- in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or
- they cease to be a shareholder under Rule C6; or
- 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

- 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 shareholder upon failing to meet the terms of the order; or
- 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
- they become a local authority person; or
- they are an independent shareholder and they become a tenant of the association
- having been a tenant, a shareholder ceases to be a tenant. Under Rule C14.13, the board has discretion to allow such a person to remain a shareholder, but it is the current policy of the board that they shall cease.
- 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. Under Rule C14.4, the board has discretion to allow departing board or committee members to remain a shareholder, but it is the current policy of the board that departing independent board members shall cease.

5.8.2 A shareholder can only be expelled under Adra Rule C15 and membership must be terminated by a resolution at an annual general meeting or special general meeting called by the board. The board would always evaluate matters carefully first.

In considering the matter, the Board would carefully consider if the shareholder has breached the terms of the Shareholder Code of Conduct. The Board may wish to give the Shareholder opportunity to improve their conduct, and might write to the Shareholder to request this. Ultimately, the Board may feel that the Shareholder should be expelled, and a resolution could be presented to Shareholders in accordance with Rule C15.

Under the Rules:

- 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.
- At the general meeting where this matter is presented 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





- 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 Members present in person or by proxy and voting on a poll at an annual or special general meeting.

This rule may not be used to expel the local authority shareholder.

- 5.8.3 When a shareholder ceases to be a shareholder or is expelled from the Association, his or her share shall be cancelled. The amount of £1.00 (one pound) paid as mentioned in paragraph 5.3.2 above shall become the property of Adra (in accordance with the Rules).

## **6. EQUALITY AND DIVERSITY**

- 6.1 Adra recognises the needs of a diverse population and always acts within the scope of its own Equality and Diversity Policy.

## **7. REVIEW**

- 7.1 This Policy will be reviewed every three years, or in response to changes in legislation, regulation directive, good practice or changes in one of Adra's relevant policies.