

EXPLANATORY NOTE ABOUT THE CONSTITUTION OF THE ECF

1. NEW COMPANY TO TAKE OVER FROM BCF

English Chess Federation (ECF) is a Company limited by Guarantee incorporated under the Companies Acts 1985 to 1989 which provide a legal framework for the Company and for the protection of minorities. The "Guarantee" means that every Member undertakes to contribute up to £1 if the ECF is wound up – Memorandum 6. There is no personal liability arising from being a Member apart from this nominal obligation. Any personal liability of Directors, officers or the Auditor is covered by an indemnity in Article 83. The ECF has been formed to take over the former role of the British Chess Federation (BCF) in running chess in England and the Company will formally acquire the entire undertaking of the BCF on 22nd October 2005 with the exception of its Permanent Invested Fund which is held by the Trustees thereof. It is proposed to change the Constitution of BCF so its objects are equivalent to those of the ECF (see 3 below) and include supporting the ECF.

2. CONSTITUTION OF ECF

The Constitution of the Company is contained in the Memorandum and Articles of Association. These can only be changed by a Special Resolution at a General Meeting of Members which is passed by a 75% of votes cast in favour. This restriction arises by virtue of the Companies Act 1985 Sections 4, 9 and 378. Under the authority given by Article 82 the Company can make Bye Laws and Regulations which provide rules for conduct and management of the Company. The Council makes the Bye Laws and the Board makes the Regulations. These can both be changed (or in the case of Bye Laws made) by an Ordinary Resolution which is passed by a simple majority of votes cast at a General Meeting of Members. So far the following Bye Laws and Regulations have been made:

- The Direct Members Bye Laws
- The Game Fee Bye Laws
- The Procedural Bye Laws
- The Financial Bye Laws
- The Bids Regulations
- The Directors and Officers Responsibility Regulations

3. OBJECTS

The Objects of the Company are set out in Clause 3 of the Memorandum. These include encouraging the study and practice of chess in England – 3.1. The definition of England is extended to include such part of North Wales as is within the jurisdiction of Cheshire & North Wales Chess Association for so long as it shall so remain – 3.1. The specific objects include maintaining the British Championships – 3.2 and providing assistance to British Overseas Territories and Crown Dependencies, which are not for the time being members of FIDE, if requested to do so – 3.8. The Isle of Man is a Crown Dependency and Gibraltar is a British Overseas Territory and assistance is currently provided to them. Their Congresses can become Full Members and participate in the Game Fee Scheme (with the consequence that games played in those congresses are graded) by virtue of Article 5(4) and the Game Fee Bye Laws 3. Guernsey and Jersey are also Crown Dependencies but as they are members of FIDE do not fall within these provisions. The Objects also authorise support to be given to Full Members whose jurisdiction includes England until such time as separate equivalent English organisations shall be established which are Members of the Company – 3.5 and 3.6. These include Braille Chess Association and British Chess Problem Society (the full list is in 6(d) below).

4. PERMANENT INVESTED FUND

The Objects also include the maintenance of a Permanent Invested Fund – 3.9. As mentioned in 1 above the BCF will retain the Permanent Invested Fund at least until the

current Trust Deed expires in 2013. The BCF in practice receives the income from the Permanent Invested Fund annually and will be able to pass this to ECF. In 2013 a decision will have to be made about the re-investment of the BCF Permanent Invested Fund and this could be by a new ECF Trust Deed under 3.9.

5. DIVISIONS OF MEMBERS

There are two Divisions of Members in the Company – Article 7:

- (a) Full Members who have the right to attend or appoint Representatives to attend Meetings
- (b) Direct Members who have the right to elect Representatives to attend Meetings.

6. FULL MEMBERS

The Full Members are listed in Articles 1.1 and 5(1) - (12) and comprise:

- (a) The Constituent Units – currently EACU; MCCU; NCCU; SCCU; WECU; London Chess League and Manchester Chess Federation.
- (b) The County Associations.
- (c) Chess Congresses (which have to be autonomous organisations – the Game Fee Bye Laws 3.1)
- (d) Autonomous Chess Leagues
- (e) Other Organisations – currently Braille Chess Association; British Chess Problem Society; British Women's Chess Association; British Federation for Correspondence Chess, Chess Arbiters' Association; Chess Endgame Study Circle; Commonwealth Chess Association, English Deaf Chess Association; English Primary Schools' Association, The Friends of Chess and National Youth Chess Association.
- (f) The Directors of whom there are nine. These include the President; the Chief Executive and the Finance Director. There are a minimum of two Non –Executive Directors who will be appointed at the Council Meeting on 22nd October 2005 and a maximum of four other Executive Directors – currently the Director of Marketing; the Director of Home Chess; the Director of International Chess and the Director of Junior Chess and Education.
- (g) The FIDE Delegate.
- (h) The Chairmen of the two Standing Committees – the Finance Committee and the Governance Committee (equivalent to the BCF Constitution Committee).
- (i) The Trustees of the (BCF) Permanent Invested Fund (see 4 above).
- (j) Patrons (of whom there are none at present).
- (j) The Past President (currently of the BCF).
- (k) The Past Chief Executive (currently of the BCF).

Where Full Members are Organisations (eg Unincorporated Associations as most of them are) then Article 3(1) provides for them to nominate an individual as its Representative Member. If that Full Member has more than one vote – as applies to SCCU (4 votes); MCCU (2 votes); NCCU (2 votes); WECU (2 votes) and London Chess League (2 votes) – Article 7(2) – then it has a corresponding number of Representative Members.

7. DIRECT MEMBERS

There are a number of different categories of Direct Members listed in Article 5(13) whose subscriptions and benefits of Membership are set out in the Direct Members Bye Laws 2 and 3. The Direct Members are grouped into four categories for the purpose of electing Direct Members' Representatives the Direct Members Bye Laws 6.1:

- (a) Honorary Life Vice Presidents, Vice Presidents, Corporate Vice Presidents;
- (b) Full Direct Members, Family Members, Veteran Members, Student Members, Special Members and Members with Disabilities;
- (c) Standard Members and Junior Members;
- (d) Basic Members and Basic Junior Members (see 9 below).

Each of these four categories has the right to elect two representatives – the Direct Members Bye Laws 6.2 in a first two past the post postal election – 6.3.

8. GAME FEE

The Membership fee for Constituent Units, County Associations, Chess Leagues and Other Organisations which register events, the games from which are graded, is based on Game Fee payable or deemed to be payable (before deduction of results by Direct Members exempt from Game Fee) for those graded results – Article 8(1) but subject to a minimum Membership Fee (currently £50 per annum). In practice Congresses whose Game Fee liability is less than £50 per annum have a choice of either increasing their payment (or deemed payment) to the minimum Membership Fee (currently £50 per annum) or assigning their Game Fee liability to a Full Member organisation (see below). Game Fee varies dependent on the type of competition graded. The current (2005/6) rates of Game Fee are as follows – Article 1.1:

- (a) Standard games 44 pence;
- (b) Rapidplay games 22 pence;
- (c) Standard club games in internal competitions 15 pence;
- (d) Rapidplay club games in internal competitions 8 pence;
- (e) Standard games between juniors U.18 in junior events 22 pence;
- (f) Rapidplay games between juniors U.18 in junior events 11 pence;
- (g) Standard club games in internal junior competitions 8 pence;
- (h) Rapidplay club games in internal junior competitions 4 pence.

Rapidplay covers games where all the moves must be made in a total fixed time from 15 to 60 minutes or the time allotted + 60 times any increment is from 15 to 60 minutes. Standard games are where each player has more time than the maximum for Rapidplay – the Game Fee Bye Laws 1.1.

Each graded game comprises two results and Game Fee is payable for each result. Game Fee paid by clubs and other non-member organisations may be assigned to any Full Member organisation and thereby potentially increase their voting entitlement – the Game

Fee Bye Laws 4.5. The Game Fee for subsequent years is determined annually by the Finance Council – Article 18(2).

9. THE NORTHERN MEMBERSHIP SCHEME

For the period until 31st August 2006 and thereafter if approved annually by the Finance Council the Membership Categories of Basic Members and Basic Junior Members subsist – Article 18(5). These categories are open only to members of the NCCU Membership Scheme who are resident in the territorial area of the NCCU or who play in a League in that area – the Direct Members Bye Laws 1. These Members are exempt from paying Game Fee in events held exclusively in the territorial area of the NCCU and in Leagues outside the territorial area of the NCCU (subject to refund of Game Fee in the case of such Leagues to their County) – the Direct Members Bye Laws 3. Events in the NCCU have to register with ECF and provide details of the graded games played and also pay Game Fee in respect of players who are not Basic Members or Basic Junior Members or other Direct Members – the Game Fee Bye Laws 4.3 and 4.4. This is important for the calculation of their voting entitlement under Article 30 which is based on both the Game Fee paid and the “deemed Game Fee” for the Basic Members and Basic Junior Members as well as assigned Game Fee – see 8 above. There are provisions for existing Direct Members of ECF to transfer their membership to the Basic Member and Basic Junior Member categories – the Direct Member Bye Laws 4.

10. OTHER MEMBERSHIP FEES

No Membership Fees are payable by the Directors, the FIDE Delegate, the Chairmen of Standing Committees, the Trustees, the Patrons, the Past President or the Past Chief Executive but they have to be Direct Members when they are elected, re-elected, appointed or re-appointed – Article 10. Other Full Members which do not which organise events the games from which are graded have to pay the minimum Membership Fee (currently £50).

11. VOTING RIGHTS AT GENERAL MEETINGS

The Full Members have one vote each except for SCCU; MCCU; NCCU; WECU and London Chess League as mentioned in 6 above – Article 7(2) In addition there are eight Direct Members’ representatives with one vote each – Article 7(3). If a poll is demanded then those Full Members paying Game Fee are entitled to one vote for each 1,000 Standard graded games or equivalent based on the monetary payment or deemed payment for all graded games including all those listed under 8 above – Article 30. Resolutions determining the level of Game Fee on a poll are determined by the median vote of all votes cast – Article 32(1). No member is entitled to vote at any General Meeting unless all Membership Fees due have been paid by the date on which the voting register for that Meeting is published – Article 35.

12. THE BOARD

There are nine Directors who are elected at each Annual General Meeting to hold office until the next Annual General Meeting – Article 43. They comprise The President, The Chief Executive, the Finance Director, a minimum of two Non –Executive Directors and a maximum of four other Executive Directors whose titles shall be in accordance with the Directors and Officers Responsibilities Regulations. The responsibilities of all the Directors shall be in accordance with those Regulations. Initially the four other directors are the Director of Marketing, The Director of Home Chess, the Director of International Chess and the Director of Junior Chess and Education. There is provision for Alternate Directors – Articles 44-48. Directors can be removed from office by Ordinary resolution at a General Meeting – Article 58 and cease to be Directors in certain circumstances eg bankruptcy as set out in Article 54. The Powers and Duties of the Board and their Proceedings are set out in Articles 50 – 68. The Secretary is appointed by the Board – Article 69.

13. THE STANDING COMMITTEES

There are two Standing Committees of Council namely the Finance Council and the Governance Committee (the equivalent of the BCF Constitution Committee). They are elected annually at the Annual General meeting – Article 17(6).

14. FINANCIAL MATTERS

The Accounts have to be laid before a General Meeting of the Company in accordance with the statutory obligations in the Companies Acts – Articles 75 and 76. An Auditor has to be appointed in accordance with those statutory provisions – Article 77. Accounting records have to be kept and these have to be open to inspection by the Directors and Members of the Finance Committee – Articles 72 – 74. The Financial Bye Laws regulate budget and financial controls and the Bids Regulations cover the provision of chess-related services to the Company by third parties. There is provision within the Articles for payment of reasonable expenses to Direct Members' Representatives – Article 15; members of Standing Committees – Article 17(6) (d); the Directors, the Secretary, members of any Committee of the Board, the FIDE Delegate and the Chairmen of the Standing Committees – Article 49.

15. GENERAL MEETINGS

An Annual General Meeting has to be held – Article 16. The business of the Meeting is specified in Article 17. It includes the election (or re-election) of the Directors, the FIDE Delegate and the Chairmen of the Standing Committees – Article 17(1) and all nominations must be received by the Secretary not later than thirty seven days before the Meeting for a candidate to be eligible for election – the Procedural Bye laws 12.5. Any posts not filled or any casual vacancies may be appointed by the Board – Article 57. A Finance Council has to be held annually in April when the Company's budget is presented for approval and the level of Game Fee and the Membership Fees are determined – Article 18. Extraordinary General Meetings can be convened as required. The minimum entitlement to so convene is stipulated in Section 368 of the Companies Act 1985 and dealt with in Article 19. The minimum entitlement to require resolutions to be placed on the Agenda for the Annual General Meeting and the Finance Council is stipulated in Articles 1.1 and 17 and 18 and not less than thirty seven days notice to the Company is required for the same. At least twenty one clear days notice of General Meetings has to be given – Article 20. The Secretary has to send out with the notice of the meeting a register of voting entitlement – Article 22. General Meetings have to be quorate throughout and a quorum is twenty members entitled to vote present in person – Article 23. The procedure to be adopted at General Meetings is set out in Articles 24 – 29 and in the Procedural Bye Laws. Proxies are dealt with in Articles 36 to 41.

16. TRANSITIONAL PROVISIONS

To effect the transition from membership of the BCF to the ECF a number of transitional provisions are contained in the Articles. These are:

- (a) Article 1.1 – The Trustees of the BCF Permanent Invested Fund become Full Members
- (b) Article 6(1) –all members of the BCF become Members of the ECF in the equivalent division of members on signing the undertaking to contribute £1 on a winding up referred to in 1 above if they do so by 31st August or such later date as may be specified by the Board.
- (c) Article 6(2) – the seven Executive BCF Directors listed in 12 above become Board Members if they sign the same undertaking whilst in office as BCF Directors. The two Non Executive Directorships will be filled at the Annual General Meeting on 22nd October 2005.
- (d) Article 6(3) – the FIDE Delegate and the Chairmen of the Standing Committees of the BCF will take up the equivalent ECF posts.

(e) Article 13 - the existing Direct Members Representatives (of whom there are six) will hold the equivalent posts in the ECF until an election is held and this will be some time after the first Annual General Meeting on 22nd October 2005.

17. GENERALLY

Company procedures which are governed by the Companies Acts are stricter than the regime for unincorporated associations and there are criminal sanctions for a number of breaches thereof. A culture change is required from the laissez faire practices of the BCF!

18. INTERPRETATION

This Explanatory Note does not constitute a legal interpretation of the Memorandum and Articles of Association and the Bye Laws and Regulations.

David Anderton
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