

THE COMPANIES ACTS

PRIVATE COMPANY LIMITED BY  
GUARANTEE AND NOT HAVING A  
SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

THE INTERNATIONAL COTTON ASSOCIATION LIMITED

Incorporated on 18 December 1962

(last amended by Special Resolution passed on 29 October 2020  
taking effect from 1 November 2020)

WJF King

MD / Company Secretary

4 November 2020

SATURDAY



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**THE COMPANIES ACTS**  
**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL**  
**NEW**  
**ARTICLES OF ASSOCIATION**  
**of**  
**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**

**DEFINITIONS**

- 1 In these presents and in any Bylaws and Rules made pursuant hereto, unless there be something in the subject or context inconsistent therewith, the following expressions shall have the following meanings respectively (namely):

**The Act** shall mean the Companies Act 1985 and every other Act incorporated therewith and any provisions of the Companies Act 2006 for the time being in force, and references in these Articles to the Act or any other statute or any other provision thereof shall be read as reference to the Act or such statute or provision as from time to time amended, extended, or re-enacted.

**Affiliate Industry Firm** means any firm or organisation registered as such under the Bylaws and Rules.

**Affiliated Association** means an association registered as such in accordance with Article 8 and in accordance with the Articles, Bylaws and Rules applicable thereto.

**Agent Firm** means any firm or organisation registered as such under the Bylaws and Rules.

**Approved Panel** means the list of individuals, approved annually by the Board of Directors, from which the Directors will appoint the Disciplinary Committee. The list will include Individual Members comprising of Past Presidents and Past Directors of the Association who are still active in the trade and are not currently on the Board of Directors and a maximum of five independent individuals from outside the cotton and allied textile trades.

**Arbitrators' Code of Conduct** means the code of conduct for ICA arbitrators as determined by the Directors and from time to time amended.

**Articles** means and includes these Articles of Association and any modification or alteration thereof for the time being in force.

**Associate Director** means such Director as shall have been invited by the Directors and approved by the Individual Members annually to serve the common interests of the industry.

**Association and ICA** means The International Cotton Association Limited.

**Association's offices** means the premises occupied by the Association.

**Business Day** means any day recognised as a normal working day.

**Business Year of the Association** means the period between the conclusion of the Annual General Meeting ('AGM') in one year and the commencement of the AGM in the following year.

**Bylaws and Rules** means and includes all Bylaws and Rules or other regulations of the Association in force for the time being.

**Candidate** includes an individual or firm.

**Clear Days' Notice** means the number of days specified, exclusive of the day on which the notice is served, or is deemed to be served, and of the day for which the notice is given.

**Communication** means the same as in the Electronic Communications Act 2000.

**Company** means any body corporate.

**Cotton Waste** and **Cotton Linters** shall be considered as cotton if it has been contracted for subject to the Bylaws and Rules.

**Director** (when used in relation to a Director of the Association) means any Director of the Association for the time being whether Ordinary or Associate and includes the President, First Vice-President, Second Vice-President, Treasurer and Immediate Past President.

**Director** (except when used in relation to a Director of the Association) includes any person occupying the position of director, by whatever name called.

**Electronic Communication** means the same as in the Electronic Communications Act 2000.

**Ex-officio member** is used to describe a person who is automatically entitled to be the member of a Board or Committee due to the office or position they hold. In the case of

the Immediate Past President, it is their automatic right to be on the Board of Directors for one Business Year. In the case of the President, First Vice-President and Second Vice-President, it is their automatic right to serve on any Committee.

**Firm** means any partnership, unincorporated association or company with or without limited liability carrying on business.

**General Meeting** and **Special Resolution** shall have the same meanings as in the Act.

**ICA List of Unfulfilled Awards** consists of two parts.

ICA List of Unfulfilled Awards: Part 1 means the list of companies who have failed to fulfil an arbitration award.

ICA List of Unfulfilled Awards: Part 2 means the list of companies evidenced to be related to companies appearing on the ICA List of Unfulfilled Awards: Part 1.

**Immediate Past President** does not include a President who is removed pursuant to Article 73 or ceases to be a Director pursuant to Article 80.

**Independent Members of the Disciplinary Committee** are independent individuals from outside the cotton and allied textile trades.

**Individual Member** means an Individual Member of the Association elected pursuant to Article 6.

**Member Firm** means a Principal Firm, an Affiliate Industry Firm, a Related Company or an Agent Firm.

**Month** means calendar month.

**Notice Board** means any board in the Association's office or the Association's website.

**Office** means the Registered Office for the time being of the Association.

**Officers** means the President, the First Vice-President, the Second Vice-President, the Immediate Past President and the Treasurer.

**Ordinary Director** means such Director as shall have been elected by the Individual Members and excludes the President, First Vice-President, Second Vice-President and immediate past President.

**Partner** includes a single person constituting a firm and the members of a limited liability partnership, if the context so admits, and the word **Partnership** shall be

construed accordingly.

**Persistent** means, in the case of the offences referred to in Articles 25.1.10 and 25.1.11, an incident occurring more than twice.

**Place of Business** of any Individual Member or Registered Firm means an office where, in the opinion of the Directors, such Individual Member or Registered Firm carries on a bona-fide business relating to cotton.

**President** includes the First Vice-President or Second Vice-President or any person appointed by the Directors in accordance with Article 79 to perform temporarily the duties of an absent President.

**Principal Firm** means a firm or company duly registered as such pursuant to Article 7 and in accordance with the Articles, Bylaws and Rules (if any) applicable thereto.

**Public Company** and **Private Company** shall have the meanings which they have under the Act.

**Receiver** includes an administrative receiver.

**Register of Individual Members** means the Register of Individual Members to be kept pursuant to the Act.

**Register of Registered Firms** unless otherwise stated, for the purposes of these Articles, means the Register of Registered Firms kept pursuant to Article 19.4.

**Registration** means registration or re-registration and **Registered** means registered or re-registered.

**Registered Firms** unless otherwise stated, for the purposes of these Articles, means all Principal Firms, Affiliate Industry Firms, Related Companies, Agent Firms, Affiliated Associations Firms, details of which are entered in the Register of Registered Firms.

**Related Company** means a company related to a Principal Firm or an Affiliate Industry Firm.

**Rights of Principal Firms** include the right to enjoy all the rights and privileges of and incidental to the buying and selling of cotton from time to time afforded by the Association, subject to the Articles, Bylaws and Rules and subject to any restrictions that may be imposed by the conditions of registration.

**Seal** means the Common Seal (if any) of the Association.

**Secretary** means the person appointed by the Directors as the Company Secretary of the Association. The Secretary or Directors may delegate their duties to an Alternative

Secretary but no such Alternative Secretary shall be the Company Secretary of the Association. The Secretary is permitted to participate in all Board and Committee meetings unless instructed otherwise by the Directors but does not have any voting rights.

**Vice-President** includes the First Vice-President and Second Vice-President where the context so admits.

**Working Day** shall have the same meaning as in the Act.

**Written** and **In Writing** includes printing, lithography and other modes of representing or reproducing words in a visible form.

References to posting a notice or other item on the Notice Board in the Association's Offices include making such notice or item available on a part of the Association's website access to which is limited to Individual Members and Registered Firms.

Words importing male individuals include female individuals where the context so admits.

Words importing persons include individuals and firms, where the context so admits.

Words importing the singular number include the plural number and vice versa.

The headings to these Articles shall not be taken as part thereof, or in any manner affect the interpretation or construction thereof.

## **STATEMENT OF OBJECTS**

### **2 The Objects**

The Objects for which the Association is established are to protect the legitimate interests of all those who trade cotton, whether buyer or seller, by (but without prejudice to the generality of the foregoing):

- 2.1 promoting a universal understanding of the Association's principles, values and rules of arbitration;
- 2.2 pursuing equitable trading practices;
- 2.3 providing an impartial and effective dispute resolution service; and
- 2.4 carrying out any activities that are in the interests of the Association and its members.

### **3 Powers**

- 2.5 The Association shall have such powers as may be deemed incidental or conducive to the attainment of the above Objects or any of them.

## **LIABILITY OF INDIVIDUAL MEMBERS**

- 4 The liability of the Individual Members is limited.
- 5 Every Individual Member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up whilst they are an Individual Member or within one (1) year afterwards for the payments of the debts and liabilities of the Association contracted before they cease to be an Individual Member and the costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding One Pound.

## **MEMBERSHIP**

### **6**

- 6.1 Subject as hereinafter provided any individual, regardless of nationality or place of residence, engaged or about to be engaged in the cotton trade or allied textile trades (including spinning, weaving or manufacturing of raw cotton, or in any other industry involved in or connected with the cotton or allied textile trades) shall be qualified, if approved by the Directors, in their absolute discretion, to stand for election as an Individual Member of the Association.



6.2 It shall also be necessary for any such individual, to be eligible to stand for election, to nominate their intended Principal Firm, Affiliate Industry Firm, Related Firm or Agent Plus Firm at the time of making application for election as an Individual Member of the Association.

7 Any firm which is engaged in the cotton trade or allied textile trades, or in the spinning, weaving or manufacturing of raw cotton, or in other business or industry involved in or connected with the cotton trade or allied textile trades, in any place in the world, shall be hereby qualified, if approved by the Directors, to apply for registration as a Principal Firm.

8 Any association established in any part of the world as an association of individuals or companies (or both) engaged in the cotton trade or allied textile trades, or in the spinning, weaving or manufacturing of raw cotton, or in other business or industry involved in or connected with the cotton trade or allied textile trades, shall be hereby qualified, if approved by the Directors, to apply for registration as an Affiliated Association. Such application should be made in writing to the Directors.

9 Any firm (or individual) which is engaged in the cotton trade as an agent for the sale or purchase of raw cotton in any place in the world shall be hereby qualified, if approved by the Directors, to apply for registration as an Agent Firm.

10

10.1 Save as stipulated in these Articles, all Individual Members shall have the same rights and may attend any General Meeting or meeting of a class of members of the Association and take part in any ballot or vote taken for or in connection with any amendment of the Articles, Bylaws and Rules.

10.2 Member Firms shall have such rights, and be subject to such obligations, as are stipulated in the Articles, Bylaws and Rules.

10.3 If an individual has joined the ICA through the ICAspire membership, on the basis of being new to the industry; their ICAspire membership will cease after 5 years of such membership.

If an individual has joined this membership category, on the basis of being under 40 years of age, their membership will cease, once they become 40.

Once ICAspire membership ceases, those former ICAspire members will receive a 50% discount on ICA Individual Membership for one year, if they sign up at the time of their ICAspire membership ending.

- 11.1 Any Individual Member or Principal Firm who or which ceases to fulfil any of the conditions laid down in Articles 6 and 7 and any Affiliated Association who or which ceases to fulfil any of the conditions laid down in Articles 8 and 9 (respectively) shall forthwith notify the facts to the Directors who shall decide in their absolute discretion whether such Individual Member, Principal Firm or Affiliated Association may continue their or its membership or registration or shall present themselves or itself for re-election or re-registration or shall cease to be an Individual Member, Principal Firm or Affiliated Association as the case may be.
- 11.2 It shall be the duty of any Individual Member to notify the Directors of any other change to the information presented to the Association at the time of their election or subsequently.
- 12 An Individual Member who satisfies the Directors that they are no longer active in the cotton trade may apply to the Directors for a reduction in their annual subscription and if the Directors agree thereto such Individual Member shall, so long as they pay the annual subscription so reduced have the same rights and privileges as an Individual Member except that they shall not be entitled to receive notices of or attend any General Meetings or meetings of any class of members of the Association or to receive notices of or take part in any ballot or vote of the Individual Members or to receive circular letters to Individual Members.

#### **12 A GROUNDS FOR DENYING AN ICA APPLICATION**

- 12 A.1 There is a presumption that an applicant firm and its leaders are fit and proper people to join the international community of cotton professionals unless there is evidence to the contrary.
- 12 A.2 Companies that are established to engage in the trade of raw cotton internationally and those that are engaged in associated roles, for example agents, controllers, logisticians, insurance brokers or banking, join a community with shared values and a commitment to uphold the principles of fair trading and contract sanctity. They are held to account by their peers as prescribed by the ICA articles of association.
- 12 A.3 Examples of evidence that may be relevant to exclude an applicant from joining the ICA:
- (i) Fraud or financial malfeasance by any current executive or director that has been proven in the courts.
  - (ii) Criminal convictions by a current executive or director.

- (iii) Undischarged bankruptcy of a current executive or director. (It should not be a bar to ICA membership that a director has previously been bankrupt but is now fit to be a director in their local jurisdiction).
- (iv) An outstanding arbitral award that has not been settled and has resulted in the company being currently listed on ICA's LOUA Part 1.
- (v) The Company is currently listed on LOUA Part 2.
- (vi) Common leadership with a company that is currently on ICA's LOUA Part 1 or Part 2.
- (vii) The Company has demonstrated a pattern of trading with defaulters. In such instances the Directors will apply their discretion in examining the background and subsequent undertakings to honour the ICA's focus on safe trading.
- (viii) The member has previously been expelled from the ICA within the last 2 years. In cases where an applicant has previously been expelled, at the discretion of Directors, it may be assumed that after 2 years it is appropriate to be considered again for ICA membership.

12 A.4 It should not be a bar to ICA membership that the company has previously been listed on the ICA LOUA Part 1 or Part 2 if that listing has been satisfactorily discharged.

## **ELECTION OF INDIVIDUAL MEMBERS AND REGISTRATION OF MEMBER FIRMS**

13

- 13.1 The proposer or seconder must be current Individual Members of the Association.
- 13.2 The proposer and seconder must not be an Individual Member in the same firm as the candidate.
- 13.3 The proposer or seconder should be resident in a different Country.
- 13.4 In the event that a candidate cannot find two Individual Members to propose and second them the President of an Association related to the cotton Industry and recognised by the ICA may second in their stead.

14 Every application for election as an Individual Member or registration as a Member Firm shall be signed by or on behalf of the candidate and by their or its proposer and seconder and addressed to the Secretary.

15 Every candidate for election as an Individual Member shall furnish to the Directors such

information with regard to the nature of the business carried on or proposed to be carried on by their intended Member Firm and the capital employed in the business and the constitution of the firm (including the respective shares and interests thereof and such other information as the Directors may require). Every application for election as an Individual Member or registration as a Member Firm shall provide such information as the Directors may require and as shown on the application form.

- 16 On receipt of an application for membership the Secretary (or some other person appointed by the Directors) shall have a circular sent to Members stating the name of the candidate and the proposer and seconder (where appropriate) and inviting any Member who has any objection to the election of the candidate to advise the President within six (6) clear days.

17

- 17.1 After the expiry of six (6) clear days from the sending of the circular, provided no information has been received from Members under Article 16, the candidate may be elected to membership.
- 17.2 If, within six (6) clear days of the sending of the circular, information is received from Members under Article 16, the Directors shall consider the application for membership in light of such information and they may, if they think fit, then elect the candidate.

18

- 18.1 No Individual Member or Registered Firm shall be entitled to resign from the Association if:
- 18.1.1 they or it is currently involved in an arbitration arising out of a contract made subject to International Cotton Association Rules and/or ICA Arbitration, or
  - 18.1.2 there is an unfulfilled Quality or Technical Arbitration or Appeal Award made under the Bylaws and Rules of the Association outstanding against them or it.
  - 18.1.3 they are subject to an investigation by the Disciplinary Committee or become the subject of an investigation by the Disciplinary Committee within 2 weeks of the notice having been sent to the Members of their or its intention to resign.
- 18.2 The provisions of Article 18.1 shall not affect the right of the Directors to suspend or expel an Individual Member or Member Firm, if they or it at any time has been found guilty of an offence under the Articles.

- 18.3 Any Individual Member or Member Firm whose resignation or removal is not accepted by the Directors shall, unless all Subscriptions and Fees due to the Association have been paid, forfeit all rights and privileges conferred by the Articles, Bylaws or Rules or otherwise conferred on or enjoyed by them or it but shall remain bound to proceed by arbitration in or on all claims arising out of transactions entered into.
- 18.4 Provided always that no cancellation or suspension of the rights or privileges of any such firm as aforesaid shall affect the rights of any parties to proceed to arbitration on claims arising out of transactions entered into previously thereto.

19

- 19.1 No Individual Member shall be entitled to carry on any business in raw cotton under the Association's Bylaws and Rules unless:
- 19.1.1 there is registered with the Association the name under which and the principal place at which all such business is to be carried on, and
  - 19.1.2 the name is that of a partnership of which they are either the sole partner or one of the partners or that of a company of which they are a director or employee.
- 19.2 The firm or company so registered is hereinafter called the Principal Firm or Affiliate Industry Firm or Related Company registered in accordance with the Bylaws and the principal place of business thereof the Registered address. A Principal Firm or Affiliate Industry Firm or Related Company may be the Principal Firm or Affiliate Industry Firm or Related Company of more than one Individual Member, and an Individual Member may register more than one firm as their Principal Firm or Affiliate Industry Firm or Related Company provided that they are:
- 19.2.1 a partner with others in each of more than one partnership, or
  - 19.2.2 a partner with others in each of one or more partnerships and also a director or employee of one or more companies, or
  - 19.2.3 a director or employee of more than one company,
- and in any such case they may register each such partnership or company as their Principal Firm or Affiliate Industry Firm or Related Company but no firm so registered shall undertake any business in raw cotton which is not for account of that Principal Firm or Affiliate Industry Firm or Related

Company exclusively.

- 19.3 Every Principal Firm and Affiliate Industry Firm or Related Company or Agent Firm shall in all dealings in raw cotton and other transactions subject to the Bylaws and Rules be bound by and shall carry out and comply with all the Bylaws and Rules.
  - 19.4 The Register of Registered Firms shall be kept by the Association and shall record the names of Individual Members procuring the registration of Principal Firms or Affiliate Industry Firms or Related Companies, the names of the Principal Firms or Affiliate Industry Firms or Related Companies and their registered addresses, and the particulars so recorded shall in the absence of manifest error be conclusive evidence of the facts as between the Association, the Individual Member and the Principal Firm or Affiliate Industry Firm or Related Company.
  - 19.5 A company may not be registered as a Principal Firm, Affiliate Industry Firm or Related Company unless one of its directors or employees is an Individual Member.
- 20 If, by reason of death, retirement or any other cause, there shall be no Individual Member authorised by the Directors to represent a Principal Firm, Affiliate Industry Firm or Related Company such firm shall cease to enjoy the privileges of a Principal Firm, Affiliate Industry Firm or Related Company and shall be removed from the Register of Registered Firms.
- 21 Application for registration or re-registration shall be made in writing to the Directors and the applicant shall furnish all such information as the Directors may require. On any such application the following provisions shall apply:
- 21.1 the Directors may either accept or reject the application as they think fit or may cause a ballot of the Individual Members to be taken as to whether or not the application shall be accepted,
  - 21.2 a rejection by the Directors of any application shall be open to appeal to the Individual Members in General Meeting upon the applicant giving notice in writing to the Secretary within seven (7) days after receiving notice of such rejection,
  - 21.3 any ballot shall be taken in such manner as the Directors shall determine.
- 22 Whenever, in the opinion of the Directors, there is reason to suppose that a material change in the constitution of a Member Firm has taken place, the Directors, whether such change has or has not been notified to them, shall have power (in addition to and

without prejudice to any other powers vested in them and applicable in such a case) to enquire into the matter and, if they are satisfied that a change has taken place, they may either sanction the continuance of the Member Firm upon the Register of Registered Firms, or may pass a resolution that the Member Firm be removed from the said Register but such resolution shall be open to appeal to the Individual Members in General Meeting upon the Member Firm giving notice in writing to the Secretary within seven (7) days after the passing of the resolution.

- 23 In any case where a decision has been made that a Member Firm shall be refused re-registration or removed from the Register of Registered Firms consequent upon a change in its constitution such Member Firm shall be entitled (notwithstanding anything express or implied in the Articles to the contrary) at any time within fourteen (14) days after the date of such decision to reform its constitution so as to comply with all the requirements necessary for original registration in the Register and, if it shall do so to the satisfaction of the Directors, it shall continue on the Register as though such change in its constitution had not taken place.

#### **CENSURE, FINE, SUSPENSION AND EXPULSION ETC. OF INDIVIDUAL MEMBERS OR MEMBER FIRMS**

- 24 Whenever it shall appear that an Individual Member or a Member Firm has broken any Article, Bylaw or Rule whereby they or it may have rendered themselves or itself liable to punishment or penalty under the provisions of the next following Article, the Directors shall appoint a Committee, to be known as the Disciplinary Committee, from the Approved Panel, with a view to such Committee investigating the conduct of such Individual Member or Member Firm in order to determine whether they or it have committed an offence under the provisions of the next following Article which may result in the Committee's decision to award a penalty under the provisions of Article 30.

25

- 25.1 If the Disciplinary Committee shall determine that any Individual Member or Member Firm has committed one of the offences set out below, such Individual Member or Member Firm shall be liable to censure, fine not exceeding £100,000, suspension, expulsion and any combination thereof, notice of which will (anonymising the name of the Member or not at the discretion of the FGC) be circulated to all firms registered in accordance with the Articles and/or Bylaws:

- 25.1.1 (i) enter into a contract for the purchase for sale of cotton to companies listed on the CICC and ICA List of Unfulfilled Awards: Part 1 or Part 2 (that contract being concluded following notification of listing of the individual firm or company), or;

- (ii) enter into a contract for the purchase for sale of cotton or services with the intention of circumventing the CICCAs and ICA List of Unfulfilled Awards: Part 1 or Part 2 (that contract being concluded following notification of listing of the individual firm or company), or;
- (iii) use another company for the purchase for sale of cotton to companies listed on the CICCAs and ICA List of Unfulfilled Awards: Part 1 or Part 2, or;
- (iv) ship (or otherwise transmit) cotton, to another company, when the member knew (or reasonably should have known) that cotton would be shipped (transmitted or passed) to a company listed on the CICCAs and ICA List of Unfulfilled Awards: Part 1 or Part 2 (with specific reference to Bylaw 366), or;
- (v) provide services with or on behalf of an individual, firm or company listed on the CICCAs and ICA List of Unfulfilled Awards: Part 1 or Part 2.

- 25.1.2 entering into a contract for the purchase or sale of raw cotton or for the provision of services with or on behalf of an individual, firm or company that has been expelled from ICA membership (that contract being concluded following notification of expulsion of the individual, firm or company),
- 25.1.3 knowingly or recklessly giving false information to the Directors of or incidental to any matter with regard to which the Directors are entitled to information pursuant to any Article, Bylaw or Rule,
- 25.1.4 failing, neglecting or refusing to carry out, submit to or abide by any provision for arbitration contained in any contract, or any award, direction or decision of any Arbitrator, Umpire or of any Appeal Committee or other Committee of the Association, or of the Directors, made under the provisions of the Articles, Bylaws or Rules or of any contract incorporating such Bylaws and Rules or any of them,
- 25.1.5 acting in any manner in contravention of the Arbitrators' Code of Conduct.
- 25.1.6 acting in any manner detrimental to the interests of the Association or unbecoming of membership of the Association arising out of a decision of the court
- 25.1.7 knowingly publishing or broadcasting or permitting to be published or broadcast in any way whatsoever any



misrepresentation relating to the Association calculated to mislead the Individual Members or Member Firms and/or the public,

- 25.1.8 refusing or failing to comply with any proper notice or request given to him by the Directors requiring him to attend at any meetings of the Directors, or to produce any books or documents in his possession, custody or power relating to any raw cotton transaction, or refusing or neglecting to answer any question properly put by any of the Directors at any such meeting relating to any such matters as aforesaid,
- 25.1.9 non-payment of any fine duly imposed on him or it pursuant to any Article, Bylaw or Rule within fourteen (14) days after the same shall have been imposed or otherwise become due,
- 25.1.10 persistent breach of any of the Articles, Bylaws or Rules,
- 25.1.11 persistent refusal to comply with any lawful directions of the Directors.

25.2 If the Disciplinary Committee shall determine that any company related to any Individual Member or Member Firm has committed one of the offences set out at Article 25.1, the Member Firm will be held liable for committing the offence. In determining whether a company is related to an ICA member firm, the Disciplinary Committee might consider any factors it considers relevant, such as:

- a single person of significant control – as defined in English Law – over both companies. This may be evidenced by shareholding, for example. And/or
- same MD/CEO or Directors. And/or
- the person or persons exercising the actual control and management of one is or are shown to be the same person or persons exercising the actual control and management of the other.

25.3 If a Member Firm wishes to trade with a party against whom it has an outstanding award listed on the CICC and ICA List of Unfulfilled Awards: Part 1 or 2 with the sole purpose of settling that award, then that Member Firm will be required to advise the Directors in writing of that intention. Within seven (7) days of entering into a contract or contracts for that purpose, the Member Firm shall provide the Directors with a copy of that contract or contracts showing the date, reference number and estimated

date of fulfilment of that contract and the relevant settlement agreements, with any confidential information redacted as required. In addition, they should provide supporting correspondence giving evidence of the confirmation of business (contracts) and settlement agreements. Subject to compliance with the above, the provisions of Article 25.1.1 shall not apply to that contract or contracts.

## **26 CONSTITUTION OF THE DISCIPLINARY COMMITTEES**

- 26.1 The said Committee shall be chosen from an Approved Panel of Individual Members comprising of Past Presidents and Past Directors of the Association who are still active in the trade and are not currently on the Board of Directors and a maximum of five Independent Members who are independent individuals from outside the cotton trade.
- 26.2 The list of individuals on the Panel will be approved annually by the Board of Directors.
- 26.3 The Directors shall appoint from the Approved Panel, a Committee of five members and appoint from amongst those five members, the Chair of the Committee. Each Committee must have at least one Independent Member and three members shall form a quorum of the Committee.
- 26.4 In the event that a member appointed to the Committee is unavailable or unable to act, the Directors may appoint an alternative member from the Approved Panel.

## **27 APPOINTMENT OF THE DISCIPLINARY BOARD AND APPEAL BOARD**

- 27.1 The Officers shall split the Board of Directors into two separate groups whenever a Disciplinary Committee is appointed. One group, called the Disciplinary Board which shall normally be chaired by the First or Second Vice-President will consider the matter if the Disciplinary Committee passes the matter on to the Directors. In the event that the First or Second Vice-President cannot chair the Disciplinary Board for any reason, the President shall nominate a Chair.
- 27.2 The other group, called the Appeal Board which shall normally be chaired by the President of the Association, will consider any appeal. In the event that the President cannot chair the Appeal Board for any reason, he shall nominate a Chair.
- 27.3 The Disciplinary Board and the Appeal Board will be constituted each time a Disciplinary Committee needs to be appointed. No Board Member can sit on the same Disciplinary Board and Appeal Board.
- 27.4 Those Board Members appointed to hear a disciplinary or appeal case shall

continue to serve in that capacity if they should subsequently leave the Board due to retirement or normal rotation during the course of the disciplinary or appeal hearing.

27.5 The quorum for meetings of the Disciplinary Board and Appeal Board shall be five members.

27.6 Where applicable Articles 28 and 29 shall also cover an investigation and hearing by both the Disciplinary Board and Appeal Board.

## **28 CONDUCT OF AN INVESTIGATION OF THE DISCIPLINARY COMMITTEE**

28.1 The Committee may meet at such times and in whatever manner they see fit and may, by notice in writing, require any person(s) to attend before them either in person or via video/audio conferencing at a time and place that they direct. This may be for the purpose of providing information or for answering questions.

28.2 The Committee may request any person to produce any books, documents, papers or records in any form and may set deadlines for their submission. Failure to produce any books, documents, papers or records by the deadline set, without good reason having been provided beforehand, will be reflected in the decision of the Committee.

28.3 The Secretary shall act as the Secretary of the Disciplinary Committee in connection with any matter submitted to them for investigation. The Board and Governance Officer shall act as the Alternative Secretary. Any communication will be served by the Secretary by e-mail and recorded delivery or courier to the Individual Member or Member Firm at their or its registered address or at their or its usual or last known place of abode.

28.4 Any resolution passed by the majority of the said Committee present at any meeting shall be deemed a valid resolution of the Disciplinary Committee.

28.5 The Disciplinary Committee shall have the power to enquire and investigate, not only the matters specifically referred to it for enquiry but also any other matter that may come to their notice during the investigation, which in their opinion may constitute a further offence under Article 25.

28.6 If that matter should concern the conduct of another Individual Member of Member Firm then a separate Disciplinary Committee shall be convened.

28.7 The Disciplinary Committee will not continue their investigation into an allegation against an Individual Member or Member Firm if that allegation is withdrawn

28.8 Independent Members of the Disciplinary Committee shall be entitled to charge £150 an hour for their service.

## **29 CONDUCT OF DISCIPLINARY HEARING BY THE DISCIPLINARY COMMITTEE**

29.1 Investigations will normally be conducted by video or audio conference call using documentary evidence only which must be supplied to the Individual Member or Member Firm that is the subject of an investigation. However, any such Member shall be entitled at their own expense to:

- 29.1.1 give evidence in person at the discretion of the Disciplinary Committee, in which case they will also be liable for the expenses of the Disciplinary Committee to enable them to meet in person,
- 29.1.2 have any professional or expert assistance present in the form of a legal representative, accountant or other recognised expert but without any right of audience,
- 29.1.3 call any witness that they or it may consider material to the case,
- 29.1.4 appoint any Individual Member of the Association who is willing to act and after written notice to the Association, to assist them or it in preparing their case, to examine witnesses and to address the Committee on their behalf.

29.2 The Association shall be at liberty to have a lawyer present during the hearing for the purpose of advising them on technical matters and to assist them in any way they require.

29.3 The Secretary only will be allowed to make transcriptions or recordings of the hearing and the Disciplinary Committee's report and decision, which will be communicated in writing, will form the minute of the meeting.

29.4 The costs of the hearing will be borne by the Individual Member or Member Firm who is the subject of the disciplinary hearing(s) where the investigation has found against such Member, unless the matter is dismissed or the Disciplinary Committee decide otherwise.

29.5 The cost of the hearing is £1,500 plus any costs payable to the Independent Members and is due to the Association upon completion of the investigation.

## **30 DECISIONS OF A DISCIPLINARY COMMITTEE, DISCIPLINARY BOARD AND APPEAL BOARD**

30.1 The Disciplinary Committee shall decide on the balance of probabilities whether in their opinion an offence under Article 25 has been committed and consider the potential penalties which include censure, fine of up to £100,000, suspension, expulsion or any combination thereof.

30.2 The Disciplinary Committee shall only have power to impose a lower level penalty being a censure and/or a fine of up to £10,000. In such cases where the

Disciplinary Committee gives a lower level fine which is within their power, the Disciplinary Committee will inform the Individual Member or Member Firm of their findings and penalty and advise them of their right to appeal within 14 clear days and the cost of an appeal under Article 30.8. If the Individual Member or Member Firm does not appeal within the 14 clear day period, the Disciplinary Committee will provide a report of their findings to the Board of Directors and the investigation is concluded. The Individual Member or Member Firm will then be liable to pay the costs owed to the Association for the Disciplinary Committee hearing under Article 29.5 and any fine levied by the Disciplinary Committee.

30.3 If the Individual Member or Member Firm appeals the decision and penalty of the Disciplinary Committee within the 14 clear day period, the Disciplinary Committee will pass the matter to the Appeal Board appointed under Article 27. The Appeal Board has the power to further investigate the circumstances, to endorse, rescind, or vary the penalty recommended by the Disciplinary Committee. The Appeal Board will make a decision based on the balance of probabilities and will inform the Individual Member or Member Firm of their decision. A decision of the Appeal Board is final and concludes the investigation. The Appeal Board will provide a report of their findings to the Board of Directors. If the Appeal Board finds against the Individual Member or Member Firm, they will be liable to pay the costs owed to the Association for the Disciplinary Committee hearing under Article 29.5, the cost of the appeal under Article 30.8, and any fine levied by the Appeal Board.

30.4 In the event that the Disciplinary Committee decides that the facts of the offence are such that the penalty should incur a higher level penalty being a fine exceeding £10,000, a suspension, expulsion or any combination thereof, the matter needs to be referred to the Disciplinary Board appointed under Article 27. In such cases the Individual Member or Member Firm shall be informed of the Disciplinary Committee's findings and its recommendation to the Disciplinary Board.

30.5 The Disciplinary Board has the power to further investigate the circumstances, to endorse, rescind, or vary the penalty recommended by the Disciplinary Committee. The Disciplinary Board will make a decision based on the balance of probabilities and will inform the Individual Member or Member Firm of their decision and their right to appeal within 14 clear days and the cost of the appeal under Article 30.8. If the Individual Member or Member firm does not appeal within the 14 clear day period, the Disciplinary Board will provide a report of their findings to the Board of Directors and the investigation is concluded. The Individual Member or Member Firm will be liable for the costs owed to the Association for the Disciplinary Committee hearing under Article 29.5 and any fine levied by the Disciplinary Board.

30.6 If the Individual Member or Member Firm appeals the decision and penalty of

the Disciplinary Board within the 14 clear day period, the Disciplinary Board will pass the matter to the Appeal Board appointed under Article 27.

- 30.7 The Appeal Board has the power to further investigate the circumstances, to endorse, rescind, or vary the penalty recommended by the Disciplinary Board. The Appeal Board will make a decision based on the balance of probabilities and will inform the Individual Member or Member Firm of their decision. A decision of the Appeal Board is final and concludes the investigation. The Appeal Board will provide a report of their findings to the Board of Directors. If the Appeal Board finds against the Individual Member or Member Firm, they will be liable to pay the costs owed to the Association for the Disciplinary Committee hearing under Article 29.5, the cost of the appeal under Article 30.8 and any fine levied by the Appeal Board.
- 30.8 The cost of an appeal is £1,500 and is payable to the Association upon completion of the investigation. Such fees are only payable where the investigation has found against such Member.
- 30.9 Where an investigation is closed following a decision of the Disciplinary Committee or Disciplinary Board that was not appealed or following the decision of the Appeal Board and a Member does not pay a fine or comply with any penalty conferred on them or it, the matter will be referred to the Board of Directors to consider what action should be taken. Such action may include a suspension or expulsion of such Member for failure to pay and/or for non-compliance of a penalty.

### **31 EXPULSION AND SUSPENSION OF INDIVIDUAL MEMBERS OR MEMBER FIRMS**

- 31.1 Any decision of the Disciplinary Committee, Disciplinary Board or Appeal Board that is deemed to be final shall be explicitly communicated to all Members of the Association and that decision shall be posted on the Association's Member website.
- 31.2 Any Individual member or Member Firm upon being suspended or expelled, shall forfeit all rights and privileges conferred upon them by the Articles, Bylaws and Rules as well as those rights and privileges enjoyed by being a member of the Association. This shall also apply to the named Individual Member and all other Individual Members in the same firm.
- 31.3 Any Individual Member or Member Firm shall remain bound to proceed to arbitration in all cases where claims have arisen from transactions entered into before such suspension or expulsion took effect.
- 31.4 In the case of a Member Firm being suspended or expelled any such suspension would apply to all of its Individual Members and that Member Firm would not be allowed to:

1. arbitrate on disputes where the contracts were dated during the

- suspension period. This includes related companies,
- 2. register its employees to attend ICA events. This includes related companies.

31.5 In the case of an Individual Member being suspended, this includes not being allowed to:

- 1. vote in elections,
- 2. recommend or propose individuals or firms for membership,
- 3. serve on the Board of Directors or Committee,
- 4. act as an ICA arbitrator with the exception that such Member will be permitted to complete any ongoing arbitrations,
- 5. attend ICA events,
- 6. put themselves forward for election to office,
- 7. represent the ICA in any form.

31.6 Any Individual Member or Member firm who has been suspended shall be liable to pay all subscriptions during their or its suspension in the same manner as if they or it had not been suspended and any subscriptions owed whilst they or it was under investigation.

31.7 Any Individual Member or Member firm will not be entitled to resign from the Association until completion of their suspension.

31.8 In the case of an Individual Member or Member Firm that has been suspended from the rights and privileges of the Association, that Individual Member or Member Firm may write to the Directors at any time during the suspension to request that these privileges be restored for a specified period. The Individual Member or Member Firm should give reasons for the request and the Directors shall have the power by resolution to grant a restoration of privileges for a specified period and may also impose conditions or limitations as they see fit. The Directors can, at any time rescind or vary that resolution without assigning any reason.

31.9 In the case of expulsion of an Individual member or Member Firm, all rights and privileges of such individual or firm under or by virtue of the Articles, Bylaws or Rules shall be deemed to be cancelled with immediate effect. The Association will refund any such Member a proportion of their yearly subscription fee already paid to the Association, equivalent to the number of months remaining in that year from the date of expulsion.

31.10 In the case of suspension and expulsion of a Member Firm, the terms will also apply to all Related Companies registered with the Association. A Member Firm which has been expelled from the Association may be entitled to apply to rejoin after a period of 2 years at the discretion of the Directors.

- 31.11 In the case where a fine has been imposed upon an Individual member or Member Firm the full amount shall be paid to the Association within fourteen (14) clear days, and any such fine shall be deemed a debt owing by such Individual member or Member Firm to the Association and shall be recovered accordingly.

#### **INSOLVENCY, ETC. OF INDIVIDUAL MEMBERS OR MEMBER FIRMS**

- 32 Any Individual Member or Member Firm who or which shall find themselves or itself unable to meet at maturity their or its liabilities arising out of any dealing in cotton or has suspended payment or resolved to suspend payment shall, as soon as possible, communicate such inability, suspension or resolve to the Association by means of a letter addressed to the President who shall, as soon as possible, cause such letter to be posted on the Notice Board, where it shall remain for five (5) business days and a copy thereof to be sent to each Registered Firm.
- 33 In case the Directors shall receive information from any source which the Directors may consider reliable that any Individual Member or Member Firm.
- 33.1 is unable to meet their or its liabilities or has suspended or resolved to suspend payment or has made any composition with or assignment for the benefit of their or its creditors generally or has had a Receiving Order in Bankruptcy made against them or it or being a company has gone into administration or liquidation, whether voluntary or compulsory, or has had a Receiver appointed of its undertaking (or in the case of an Individual Member or Member Firm resident, incorporated or established outside the United Kingdom has suffered or undergone any similar process), or
- 33.2 has made an arrangement (other than as provided for in Article 33.1) with their or its creditors they shall investigate the correctness of such information and if satisfied that such information is correct, may pass a resolution to that effect.
- On the passing of any such resolution as is referred to in this Article, a copy thereof shall as soon as possible be posted on the Notice Board where it shall remain for five (5) business days and a copy thereof be sent to each Registered Firm.
- 34 The posting on the Notice Board of a Notice or a copy of a resolution pursuant to Article 33 and/or Article 36 shall, unless otherwise agreed by the buyer and the seller of a contract or by the Administrator, Liquidator, Receiver, official Receiver, Trustee or Trustee in Bankruptcy or equivalent officer as the case may be, (whether or not copies are to be or have been sent, as stipulated in Articles 33 and 36), as from the time when the same shall have been posted, operate as an immediate closing, in accordance with



the Bylaws and Rules for the time being in force, of all contracts made subject to the Bylaws and Rules of the Association by the Individual Member or Member Firm nominated therein and then outstanding. All such contracts shall be liquidated at prices and upon terms to be fixed in accordance with the Bylaws and Rules.

- 35 Any Individual Member or Member Firm having claim or contract against or with any Individual Member or Member Firm who has given notice of their or its suspension under Article 31 may demand, in writing, an investigation by the Directors of the bona fide or necessity of such suspension and if the Directors shall be satisfied that the Individual Member or Member Firm who has given such notice of suspension was at the date of the notice of such suspension able to fulfil their or its contracts or pay their or its liabilities at maturity, the Directors may pass a resolution to that effect and if the Directors pass such a resolution, any party whose contract with such Individual Member or Member Firm has been closed and who has suffered loss by reason of such closure shall be entitled to damages therefor from such Individual Member or Member Firm. Such damages shall be assessed by Arbitration, in accordance with the Bylaws and Rules.
- 36 On or at any time after the receipt by the President of any such letter as is mentioned in Article 32 or the passing by the Directors of a resolution that they are satisfied that any such information relating to any Individual Member or Member Firm as is mentioned in Article 33 is correct, then the Directors may at their discretion pass a resolution suspending forthwith that Individual Member or Member Firm from all rights and privileges of membership or registration, provided that if such Individual Member or Member Firm shall at any time after the passing of such last mentioned resolution prove to the satisfaction of the Directors that they or it has made honourable settlement with their or its creditors, the Directors may in their discretion cancel such last mentioned resolution on such terms and subject to such conditions as they think fit. The Directors shall cause a copy of any Resolution passed under this Article to be posted on the Notice Board and a copy thereof to be sent to each Registered Firm.

#### **ANNUAL SUBSCRIPTIONS, FEES, ETC.**

- 37 The Directors may, with the sanction of a General Meeting, for the purpose of carrying on the business of the Association, from time to time require each Individual Member and Registered Firm to pay such:

annual subscription, and/or

registration fee.

(the rates of which may differ as between Individual Members and the different categories of Registered Firms) for their registration pursuant to the Articles, Bylaws and Rules as the Directors may think necessary.

- 38.1 All annual subscriptions and fees for registration pursuant to the Articles, Bylaws and Rules shall be paid at such time, whether in advance or otherwise, and in such manner as the Directors, with the sanction of a General Meeting, shall from time to time prescribe.
- 38.2 In the event of failure by any Individual Member or Registered Firm to make payment of their or its annual subscription or fees for registration pursuant to the Articles, Bylaws or Rules they or it shall, at the discretion of the Directors, be liable to have their or its registration cancelled.

#### **APPLICATION OF ANNUAL SUBSCRIPTIONS, ETC.**

- 39 All monies received by the Association in respect of annual subscriptions, fees for registration, fines and otherwise, shall belong to the Association absolutely and may be dealt with in such manner as the Directors may from time to time think fit.

#### **BORROWING POWERS**

- 40 The Directors may from time to time at their discretion borrow from the Directors, Individual Members or Member Firms or other persons, any sum or sums of money for the purposes of the Association.
- 41 The Directors may raise, or secure the payment or repayment of such monies in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures, or debenture stock of the Association, charged upon all or any part of property and rights of the Association (both present and future).
- 42 Every debenture or other instrument issued by the Association for securing the payment or repayment of the money may be so framed that the monies thereby secured shall be assignable free from any equities between the Association and the person to whom the same may be issued. Any debentures, debenture stock, bonds or other instruments or securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, voting at General Meetings and meetings of classes of members of the Association, appointment of Directors and otherwise.
- 43 The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Association and shall duly comply with the requirements of the Act as to matters requiring registration, whether in the books of the Association or with the Registrar of Companies or otherwise.

## GENERAL MEETINGS

- 44 A Meeting, herein referred to as the **Annual General Meeting**, shall be held once in every calendar year, at such time not being more than fifteen (15) months after the holding of the last preceding Annual General Meeting and at such place as may be determined by the Directors.
- 45 The Directors may, whenever they think fit and shall forthwith on the requisition of not less than one tenth of the Individual Members of the Association carrying the right of voting at General Meetings, convene a General Meeting of the Association.
- 46 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office of the Association, and may consist of several documents in like form, each signed by one or more of the requisitionists.
- 47 The Directors may call General Meetings and, on the requisition of Individual Members pursuant to Article 46 and the provisions of the Act, shall forthwith proceed to convene a General Meeting in accordance with the provisions of the Act. If there are not within the United Kingdom sufficient Directors to call a General Meeting, any Director or any Individual Member of the Association may call a General Meeting.
- 48 Any Meeting convened under the foregoing Articles by the requisitionists shall be convened under the same manner as nearly as possible as that in which Meetings are to be convened by Directors.
- 49 General Meetings shall be called by fourteen (14) clear days' notice, in writing, at the least. The notice shall specify the place, the day and the hour of meeting and the general nature of the business to be transacted, and shall be given in a manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are entitled to receive such notices from the Company.
- 50 The accidental omission to give notice of a Meeting to, or the non-receipt of notice of a Meeting by, any person entitled to receive such notice shall not invalidate the proceedings at that Meeting.

## PROCEEDINGS AT GENERAL MEETINGS

- 51 The business of an Annual General Meeting shall be to receive and consider the recommendation of the Directors as to the annual subscriptions for Individual Members and Member Firms for the ensuing year, to approve the Associate Directors, receive the announcement of the result of elections for President, First Vice-President, Second Vice-President, and Ordinary Directors in the place of those retiring by rotation or otherwise, to appoint Auditors (if appropriate) and fix their remuneration and to transact any other business which, under these presents, ought to be transacted at an Annual

General Meeting.

- 52 Five Individual Members, present in person or by proxy, shall be a quorum for any General Meeting for the choice of a Chairman and the adjournment of the Meeting. For all other purposes the quorum for any General Meeting shall be 19 Individual Members or 10% of Individual Members whichever is the lesser present in person or by proxy. No business shall be transacted at any Meeting unless the requisite quorum be satisfied at the commencement of the business.
- 53 The President, if any, (and, in his absence, the First Vice-President, if any and, in his absence, the Second Vice-President, if any) shall be entitled to take the chair at every Meeting. If such officers have not been appointed or if none of them be present at a Meeting within five minutes after the time appointed for holding such Meeting, the Directors present or, in default, the Individual Members present shall choose a Director as Chairman and, if no Director be present or if all the Directors present decline to preside, then the Individual Members present shall choose one of their number to be Chairman.
- 54 If, within twenty minutes from the time appointed for the Meeting a quorum is not present, the Meeting, if convened upon such requisition as aforesaid, shall be dissolved; but, in any other case, it shall stand adjourned to the same day in the next week, at the same time and place and if, at such adjourned Meeting, a quorum is not present, those Individual Members who are present in person or by proxy shall be a quorum and may transact the business for which the Meeting was called.
- 55 Unless otherwise stipulated in these Articles, every question submitted to a Meeting shall be decided in the first instance by a show of hands and, where the question is capable of being decided by a bare majority, the Chairman (if he is an Individual Member entitled to vote at the Meeting) shall, in the case of an equality of votes both on a show of hands and at a poll, have a casting vote, in addition to the vote to which he is entitled as an Individual Member. A proxy (as such) shall not be entitled to vote on a show of hands.
- 56 At any Meeting, unless a poll is demanded by the Chair or by five or more persons present and entitled to vote at the Meeting, including persons acting as proxies, who shall be deemed to make such demand on their own behalf (if they are entitled to vote at the meeting other than as proxy) and on behalf of their appointor or each of their appointors, a declaration by the Chair that a resolution has been carried or carried by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book of the proceedings of the Association, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 57 If a poll is demanded as aforesaid it shall be taken at such time and place and either immediately or (except in relation to the choice of a Chair or the adjournment of a Meeting) after an interval not exceeding seven (7) days, as the Chair of the Meeting

directs, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

58 Every poll shall be taken in such manner as the Chair directs.

59 On any other occasion the Chairman at a Meeting may, with the consent of the Meeting adjourn the same from time to time, and place to place, and no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

60 The demand of a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll has been demanded.

## **VOTING**

61

61.1 Every Individual Member, when they are entitled to vote, shall have one vote and no more. No person other than an Individual Member shall be entitled to receive notice of or attend any meeting of the Association or to receive notice of or take part in any ballot or vote.

61.2 An Individual Member may cast a vote in person or through appointing a proxy. The authority by which an Individual Member can appoint a proxy to vote on their behalf and in the manner they authorise, will be through an instrument of proxy executed in writing or through electronic means. The Directors may make such arrangements as they think fit to enable an Individual Member to appoint a proxy and exercise their vote electronically.

61.3 The appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:

61.3.1 in the case of an instrument in writing, be deposited by post or electronic communication at the Office or at such other place within the United Kingdom as is specified in the notice convening the Meeting or in any instrument of proxy sent out by the Association in relation to the Meeting not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote; or

61.3.2 in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:

61.3.2.1 in the notice convening the Meeting; or

61.3.2.2 in any instrument of proxy sent out by the Association in relation to the Meeting; or

61.3.2.3 in any invitation contained in an electronic communication to appoint a proxy issued by the Association in relation to the Meeting, be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;

61.3.3 in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

61.3.4 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the Meeting at which the poll was demanded to the Chair or to the Secretary and an appointment of proxy which is not so deposited, delivered or received in a manner so permitted shall be invalid.

In this Article, address, in relation to electronic communications, includes any number or address used for the purposes of such communications.

In calculating the periods referred to in this Article, no account shall be taken of any part of a day which is not a Working Day.

## GOVERNANCE

62 The Board of Directors shall comprise:

62.1 the President, First Vice-President, Second Vice-President and Immediate Past President, whom together with the Treasurer, are referred to as the "Officers",

62.2 up to 10 Ordinary Directors one of which shall be the Treasurer, and

62.3 up to 10 Associate Directors,

until otherwise determined by the Association in General Meeting.

63 Subject to the provisions of Article 69 the President, First Vice-President, Second Vice-President and all Ordinary Directors shall be elected by the Individual Members. Such elections shall be conducted in accordance with Article 81. It is the usual custom for the 4 elected Officers to serve for 4 (four) years. Each to progress from Second Vice-President, through the office of President and Immediate Past President as described in Article 69.

64 Only Individual Members shall be eligible to hold the office of Ordinary Director, Treasurer, First Vice-President, Second Vice-President or President.

65 The Associate Directors shall be such persons who have been invited by the Directors

and approved by the Individual Members to serve the common interests of the industry. An Associate Director shall be appointed to serve for an initial three (3) year period and may, on the invitation of the Directors, be appointed for a further three (3) year term. An Associate Director cannot serve for more than six (6) consecutive Business Years.

66 At every Annual General Meeting the President, First Vice-President and Second Vice-President and one third of the Ordinary Directors, or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office.

67

67.1 The Ordinary Directors to retire at each Annual General Meeting shall be:

67.1.1 any Ordinary Director whose continuance on the Board of Directors would result in their serving for more than six (6) consecutive Business Years as an Ordinary Director, and/or

67.1.2 those who have been longest in office.

67.2 For the purposes of this Article, the length of time an Ordinary Director has been in office shall be computed from their last election. As between two or more Ordinary Directors who have been in office for an equal length of time, those to retire shall, in default of agreement between them, be determined by a ballot of the Directors.

67.3 A retiring Ordinary Director shall be eligible for re-election as an Ordinary Director unless such re-election would result in his serving for more than six (6) consecutive Business Years as an Ordinary Director.

68 The Treasurer, who must be an Ordinary Director, shall be appointed annually by the members of the Board.

69 The Immediate Past President, but not one removed from office, shall be an ex-officio member of the Board of Directors for a period of one (1) Business Year. At the end of their ex-officio year, they shall not be eligible to serve on the Board of Directors for a period of one (1) Business Year. The retiring First Vice-President shall be eligible for re-election or election to the office of President at the end of their term of office. The retiring Second Vice-President shall be eligible for re-election or election to the office of First Vice-President at the end of their term of office. Any alteration to the normal transition to be approved by vote of the Board of Directors and submitted to the Association members for approval.

70 Any Individual Member who agrees to stand for election to the office of President, First Vice-President, Second Vice-President or Ordinary Director shall be proposed by an Individual Member and seconded by an Individual Member.

71 If default shall be made in filling any of the aforesaid vacancies at or before any Annual General Meeting of the Association, the retiring Directors or those of them whose

places have not been filled up shall continue in office until the next Annual General Meeting, and so on from Business Year to Business Year until their places are filled up, subject however to any resolution to reduce the number of Ordinary Directors.

- 72 The Association in General Meeting may from time to time increase or reduce the number of Directors and may also determine in what manner or rotation such increased or reduced number are to go out of office.
- 73 The Association in General Meeting may remove any President, First Vice-President, Second Vice-President or Director before the expiration of his period of office and, if thought fit, appoint another person in their stead, but any person so appointed shall hold office during such time only as the vacating officer or director would have retained the same office or appointment, if they had not been removed.
- 74 The Board of Directors may remove the Treasurer before the expiration of their period of office and, if thought fit, appoint another Director in their stead, but any Director so appointed shall hold office during such time only as the vacating officer would have retained the same office or appointment, if they had not been removed.
- 75 A casual vacancy on the Board of Directors shall occur when any Director shall vacate their office in accordance with Article 80 before the completion of their term of office.
- 76 If deemed necessary, a casual vacancy occurring among the Directors shall be filled by the Board of Directors co-opting a person onto the Board. Except in the case of an Associate Director, any such person co-opted must be an Individual Member of the Association. A co-opted member of the Board must retire at the next Annual General Meeting and must not be taken into account when determining the Directors who are to retire by rotation.
- 77 The proceedings of the Board of Directors shall not be invalidated by reason of any casual vacancy having not been filled.
- 78 The President and First Vice-President of the Association shall respectively be the Chair and Deputy Chair for the time being of the Board of Directors. If at any meeting of the Directors they shall both be absent, the Directors may, subject to the provisions of the next succeeding Article, appoint one of their number to act as Chair of such meeting.
- 79 If at any time the President shall for any cause whatsoever not be available to perform their duties, the First Vice-President shall have power to perform the same and if for any cause whatsoever neither the President nor the First Vice-President shall be available, then the Second Vice-President shall have power to perform the same. If the President, First Vice-President and Second Vice-President are not available, then the most recently retired President who is available shall (subject to the provisions of the next succeeding Article) have power to perform the duties of President until the President, First Vice-President or Second Vice-President be available. In case no retired President be available, then any five Directors may appoint any one of the Directors



(including one of themselves) to perform the said duties.

80 The office of a Director shall be vacated:

80.1 in the event of their death, or

80.2 if, by notice in writing to the Association, they resign their office, or

80.3 if they become bankrupt or makes any arrangement or composition with their creditors generally, or

80.4 if they are, or may be, suffering from mental disorder and either -

(i) they are admitted to hospital in pursuance of an application for admission or treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or

(ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for their detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to their property or affairs; or

80.5 if they are absent without the permission of the Directors for three consecutive Board meetings and the Directors resolve that their office be vacated, or

80.6 if they cease to be a Director by virtue of any provision of the Act or they become prohibited by law from being a Director.

But no Director shall vacate their office by reason of their being a shareholder or director of any company which has entered into contracts with or done any work for the Association. Nevertheless, they shall not vote in respect of such contract or work and, if they do so vote, their vote shall not be counted.

## **ELECTION PROCESS**

81 The Officers of the ICA will be confirmed by vote individually at the AGM each year. The selection process for Second Vice-President, and Ordinary Directors in accordance with the following procedure: See Process Chart at Appendix 1.

81.1 Notice of an election will be sent to each Individual Member who is entitled to vote at least 64 clear days before the Annual General Meeting.

81.2 Individual Members who are entitled to vote can nominate candidates for election as Second Vice-President or as an Ordinary Director. Only Individual Members can be nominated. Nominees for Second Vice-President must have strong credibility in the Cotton Sector and will ideally have contributed to the ICA by, for example, service on Committees, Working Groups and the Board. Any candidate must be supported in writing by a proposer and seconder and must give their permission and be willing to serve. In the case of an Ordinary

Director, a candidate must, if applicable, complete any relevant supporting documentation as part of the election process. Nominations must be sent to the Secretary within 14 clear days of the notice being issued.

- 81.3 If there are no more candidates than vacancies, a vote will not be conducted and those candidates will be taken as being elected.
- 81.4 Where there are more candidates for Ordinary Director vacancies, a vote will be conducted. Notice of a vote will be sent out to each Individual Member entitled to vote at least 42 clear days before the Annual General Meeting. Votes must be submitted in accordance with the instructions contained in the notice within 14 clear days of the date of the notice. Any vote not made according to these instructions will not count.
- 81.5 The President and Secretary will determine the result of the voting. The President's decision will be final. If two or more candidates get the same number of votes, the President will make a deciding vote.
- 81.6 The President has the final say on:
- the validity of nominations;
  - the number of votes; and
  - all questions or disputes relating to the election.
- 81.7 If more candidates apply than there are vacancies, those with the highest number of votes will be elected.
- 81.8 If there are not enough candidates, the Directors can appoint qualified Individual Members to fill the vacancies. Those appointed by the Directors will hold office for the same time and as if they had been elected.
- 81.9 The Secretary will post the results on the Association's website.
- 81.10 Newly elected Officers and Ordinary Directors will take office from the time the results are announced at the Annual General Meeting. Until then, the retiring Officers and Ordinary Directors will stay in office.
- 82 The Secretary will call a meeting of the Nominations Committee once the candidate names for Second Vice-President are received. The Nominations Committee will comprise of the Officers of the Association and the five active Past Presidents preceding the Immediate Past President.
- 83 The Nominations Committee, at their meeting, will discuss all names put forward for the Second Vice-President and select from those candidates, the name of the person they recommend be elected in accordance with Articles 81.1 and 81.8.

## PROCEEDINGS OF DIRECTORS

- 84 The Directors may meet together or confer, for the despatch of business, adjourn and otherwise regulate their meetings by telephone or suitable electronic means agreed by the Directors in which each participant may communicate with all other participants. Except in such cases as the Articles otherwise provide, five Directors shall be a quorum. A Director may, and the Secretary upon the direction of any Director shall, at any time summon a meeting or conference of the Directors.
- 85 Questions arising at any meeting or conference of Directors shall be decided by the votes of a majority of the Directors present or conferring and voting (except in such cases as the Articles, Bylaws or Rules otherwise provide) and, in case of equality of votes, the Chair shall have a second or casting vote.
- 86 No decision may be made by a meeting of the Directors unless a quorum is present at the time the decision is purported to be made. "Present" includes being present by suitable electronic means agreed by the Directors in which a participant or participants may communicate with all the other participants.
- 87 The Directors may from time to time and at any time:
- 87.1 delegate any of their powers, authorities and discretions to Committees appointed by them, pursuant to Article 93 and/or
  - 87.2 by power of attorney or otherwise appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Association for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit and the terms of any such appointment may include provisions for the protection and convenience of persons dealing with any such agent as the Directors may think fit and may also authorise any such agent to sub-delegate all or any of the powers, authorities and discretions vested in them.
- 88 The meetings and proceedings of any such committee consisting of two or more Individual Members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by the express terms of the appointment of the committee, or by any such regulation as aforesaid.
- 89 All acts done at any meeting of the Directors, or of a committee, or by any person acting as a Director or member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or committee or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee.

## **DIRECTORS' CONFLICTS OF INTEREST**

90

90.1 The Directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation on reasonable notice) authorise, to the fullest extent permitted by law:

90.1.1 any matter which would otherwise result in a Director infringing their duty to avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Association and which may reasonably be regarded as likely to give rise to a conflict of interest (which expression when used in this Article includes a conflict of interest and duty and a conflict of duties);

90.1.2 a Director to accept or continue in any office, employment or position in addition to their office as a Director of the Association and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises provided that for this purpose the Director in question and any other interested Directors are not counted in the quorum at any meeting of the Directors at which such matter or such office, employment or position is authorised and the authorising resolution is agreed to without their voting (or would have been agreed to if their votes had not been counted);

90.2 If a matter or office, employment or position has been authorised by the Directors in accordance with this Article then:

90.2.1 the Director in question shall not be required to disclose to the Association any confidential information relating to such matter or such office, employment or position if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by them in relation to or in connection with that matter or that office, employment or position;

90.2.2 the Director in question may absent themselves from meetings of the Directors at which anything relating to that matter or that office, employment or position will or may be discussed; and

90.2.3 the Director in question may make such arrangements as such Director thinks fit for Board and committee papers to be received and read by a professional adviser on behalf of that Director; and

90.3 the Directors may not delegate to a committee any of the powers conferred by this Article.

## **POWERS OF DIRECTORS**

91 The management of the business and the control of the Association shall be vested in the Directors, who may pay all expenses incurred in promoting and registering the Association and may exercise all such powers and do all such acts and things as may be exercised or done by the Association, and are not hereby or by Statute or the Articles expressly directed or required to be exercised or done by the Association in General Meeting, but subject nevertheless to such Bylaws or Rules not being inconsistent with these presents, as may from time to time be made by Special Resolution, but no Bylaws or Rules shall invalidate any prior act of the Directors which would have been valid if such Bylaws or Rules had not been made.

92

92.1 The Directors may at any time and from time to time appoint and dismiss any person or persons in the employ of the Association as Executive Directors and/or Managing Director. An Executive Director and/or Managing Director so appointed shall not be a member of the Board and shall not be entitled to vote at meetings of the Directors. Subject as aforesaid the Directors may define and limit the powers and duties of any Executive Directors and/or Managing Director and may determine their remuneration if any. Any remuneration may be in addition to the remuneration payable to them as an employee of the Association.

92.2 Association arbitrators, having applied to continue as arbitrators and who have passed the requisite exams, will individually or collectively, be subject to a reaccreditation process by the Directors, every three years.

## **COMMITTEES**

93

93.1 Committees shall be constituted as follows:

93.1.1 Committees consisting of Individual Members appointed by the Directors each year for any purpose incidental to the business of the Association. The President, First Vice-President and Second Vice-President may elect to be ex officio members of every such Committee (except Quality Appeal Committees and the Disciplinary Committee) and the Directors shall also be entitled to depute any one or more Directors not exceeding three in

number, to serve as an additional member or members of any such Committee exclusive of any Quality Appeal Committee or the Disciplinary Committee. Individual Members and/or persons other than Individual Members may also be appointed by the Directors, pursuant to any Bylaw or Rule making provision for such additional appointment to any Committee,

93.1.2 Committees from time to time appointed by the Directors out of their own number with or without the addition of Individual Members or persons other than Individual Members, for the purpose of exercising any powers authorities and discretions exercisable by the Directors which the Directors shall delegate to them.

93.1.3 The Directors may make rules of procedure or terms of reference for all Committees to which they delegate any of their powers

93.2 Notwithstanding the foregoing provisions of this Article the American Cotton Shippers Association of Memphis, Tennessee, in the United States of America, shall be entitled in each year to nominate one person who need not be an Individual Member or Director, to serve on Quality Appeal Committees whenever American Cotton, American/Pima varieties, or other cotton which has been traded by a member of the American Cotton Shippers Association is concerned. No person shall be so nominated unless their nomination has been approved by the Secretary of Agriculture of the United States of America or their authorised representative. Upon receipt of written approval the Directors, if they also approve, shall appoint such person to the said Committees, to serve until the close of the next ensuing Annual General Meeting of the Association. Such person when eligible to serve shall in all respects be a full member of such Committee, save that their remuneration from the Association shall be limited to participation in the Appeal Fees. Similarly, such person shall also be entitled to serve on the Value Differences Committee.

93.3 Notwithstanding the foregoing provisions of this Article, Member-Associations of the Committee for International Co-operation between Cotton Associations (CICCA) that have adopted the Association's Trading Rules, shall be entitled to nominate one person to serve on the Rules Committee with full voting rights whenever the said Trading Rules are under consideration. The nomination should to be in writing and should be valid for one (1) Business Year until the date of the next Annual General Meeting.

94 All Committees to be appointed in accordance with the last preceding Article shall, in

the exercise of the powers and functions delegated to them respectively, conform to the Articles, Bylaws and Rules and any regulations (not inconsistent therewith) that may from time to time be imposed on them respectively by the Directors.

## **BYLAWS AND RULES**

- 95 The Association may at any time and from time to time by Special Resolution, make, vary, alter or rescind Bylaws and Rules (not being inconsistent with any of the provisions of the Articles) with the exception that any change to the appendices of the Bylaws and Rules can be made by Ordinary Resolution of the Directors.
- 96 The Bylaws and Rules shall be binding on all the Individual Members and Registered Firms and all persons claiming through them respectively, and all the officers of the Association.

## **THE SEAL**

- 97 The Seal shall never be used except by the authority of the Directors and every instrument to which the Seal is affixed shall be signed by a Director and be countersigned by the Secretary (or some other person appointed by the Directors).

## **THE TREASURER**

- 98 The Managing Director shall be in charge of all the finances and investments of the Association. The Treasurer shall have overview of all the finances and investments of the Association and shall in conjunction with the Managing Director hold and deal with the same in such manner as the Directors shall from time to time direct, not being inconsistent with these Articles or the Act.

## **ACCOUNTS**

- 99 The Directors shall cause proper accounting records to be kept in accordance with the Act.
- 100 The accounts and books of the Association shall be kept at the Registered Office of the Association, or (subject to the Act) at such other place or places as the Directors think fit.
- 101 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Association, or any of them, shall be open to the inspection of the Individual Members, and no Individual Member shall have any right of inspecting any accounts or books or documents of the Association except as conferred by Statute or authorised by the Directors or by a resolution of the Association in General Meeting.

- 102 The Directors shall comply with the provisions of the Act relating to the sending of copies of the annual accounts of the Association to the persons entitled thereto.

## **REGISTERS**

- 103 A Register of Individual Members shall be kept in compliance with the provisions of the Act. A separate Register shall be kept of Registered Firms.

## **NOTICES**

- 104 Save as otherwise in these Articles provided, a notice given or required to be given by the Association to any Individual Member or Member Firm by post may be given by sending it through the post in a prepaid letter addressed to such Individual Member or Member Firm at their or its registered address or by using electronic communications to a number or address for the time being notified for that purpose to the Association.
- 105 Any notice required to be given by the Association to the Individual Members or Member Firms or any of them respectively, and not expressly provided for by these presents, may be served either personally or by post, or may be delivered by hand at their registered addresses or may be sent using electronic communications.
- 106
- 106.1 Any notice given by letter shall be deemed to have been served 24 hours after the letter containing the same is despatched and, in proving the giving of the notice, it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post office.
- 106.2 Any notice, if given by facsimile or electronic communications shall be deemed to have been served on the day the facsimile or electronic communication is despatched.
- 107 Where a given number of days' notice or notice extending over any other period is required to be given, neither the day of service nor the day upon which such notice will expire shall be included in such manner of days or other period.
- 108 The foregoing provisions as to notice shall be without prejudice to any provisions as to notices (not inconsistent herewith) which shall be contained in the Rules.

## **ARBITRATIONS**

- 109 Whenever any difference arises between any Individual Member or Principal Firm or Related Company and any other Individual Member or Principal Firm or Related Company concerning any contract made subject to International Cotton Association Rules and or Arbitration it shall be referred to arbitration in accordance with the Bylaws



and Rules, unless arbitration has been denied under these Articles.

## **NUMBER OF INDIVIDUAL MEMBERS**

110 The number of Individual Members is unlimited.

## **INDEMNITY AND INSURANCE**

111

111.1 Every Director or other officer or auditor of the Association shall be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, including any liability incurred by them in defending any proceedings, whether civil or criminal, or in connection with any application under section 1157 of the Companies Act 2006 in which relief is granted to them by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Association in the execution of the duties of their office or in relation thereto. But this article shall only have effect in so far as its provisions are not avoided by sections 232 or 532 (respectively) of the Companies Act 2006.

111.2 The Directors shall have power to purchase and maintain for any director or officer of the Association (other than an auditor) insurance against any such liability as is referred to in section 233 of the Companies Act 2006.

## **WINDING - UP**

112 Upon the passing of a Resolution to wind-up the Association, any surplus funds remaining available at that time for distribution after payment of all debts and expenses shall be applied:

**FIRST:** on the payment to each Individual Member, Principal Firm, Affiliate Industry Firm or Related Company then registered in the Registers of the Association of an amount which is in the same proportion to such surplus funds as the proportion of the subscriptions and fees paid to the Association by the said Individual Member, -Principal Firm, Affiliate Industry Firm or Related Company for the last three (3) complete financial years of the Association preceding the passing of the aforesaid Resolution to the total of all the subscriptions and fees received by the Association during the aforesaid period,

**SECOND:** if, after all the aforesaid payments have been made, there shall be any surplus then remaining, it shall be distributed to and among such one or more organisations as may be chosen by the Directors and as shall not be trading with the

primary object of making a profit but shall have, as their sole or main object, the maintenance, furtherance and encouragement by whatever means of the growth and use of cotton.

## Process Chart for the Election of Second Vice-President and Ordinary Directors

