

Proposed PNRL Member Ownership & Governance Constitutional Changes

Working Draft - 60/40 Ownership and 3-3-1 Board Model

Prepared as a policy and constitutional drafting concept for discussion

Important: This document is a working policy/legal drafting proposal and is not legal advice. Any formal constitutional amendment would require review by appropriately qualified corporate lawyers, consideration of the Corporations Act 2001 (Cth), registered-club requirements, NRL licence and governance requirements, tax and regulatory consequences, and the amendment procedure in the existing PNRL Constitution.

1. Proposed Governance Model

The proposal retains Parramatta Leagues Club Ltd (PLCL) as the majority owner of Parramatta National Rugby League Club Pty Limited (PNRL), while creating a democratic ownership interest for eligible Parramatta Eels members through a separate members company.

Component	Proposed Position	Representation
Parramatta Leagues Club Ltd	60% ordinary shareholding in PNRL	3 PNRL Directors
Eels Members Company	40% ordinary shareholding + Heritage Share	3 directly elected PNRL Directors
Independent Director	No constituency shareholding	1 Independent Director

2. Article 1.1 - Proposed New Definitions

Eels Members Company: means Parramatta Eels Members Rugby League Club Limited, a company limited by guarantee established for the purpose of representing eligible Parramatta Eels Members and holding shares in the Company on their behalf.

Eels Member Director: means a Director elected by the Voting Members of the Eels Members Company in accordance with article 9.

PLCL Director: means a Director nominated by PLCL in accordance with article 9.

Independent Director: means the Director appointed in accordance with article 9 who is independent of both PLCL and the Eels Members Company and satisfies the Independence Criteria.

Voting Eels Member: means a natural person who has maintained an eligible Parramatta Eels membership for a continuous period of at least three years and satisfies the membership requirements contained in the constitution of the Eels Members Company.

Heritage Share: means the special share issued to the Eels Members Company carrying the rights specified in article 3.

Reserved Heritage Matters: means the matters identified in article 3 relating to the name, colours, badge, identity, location and heritage of the Parramatta Eels.

3. Article 3 - Ownership and Heritage Share

3.1 Shareholding of the Company

Subject to this Constitution, the issued ordinary share capital of the Company must at all times be held:

- (a) sixty per cent (60%) by Parramatta Leagues' Club Limited;
- (b) forty per cent (40%) by the Eels Members Company.

Neither shareholder may transfer, dispose of, encumber or otherwise deal with its shares except in accordance with this Constitution.

The Directors must not issue, allot, cancel, convert or otherwise deal with shares if doing so would alter the ownership proportions specified above.

3.2 Heritage Share

In addition to its ordinary shares, the Eels Members Company shall hold one Heritage Share. The Heritage Share shall carry no entitlement to dividends or distributions and shall not affect the 60/40 economic ownership of the Company.

The consent of the holder of the Heritage Share shall be required before the Company may:

- materially change the name 'Parramatta Eels';
- materially change the Club's traditional royal blue and gold colours;
- materially change or abandon the Parramatta Eels badge or identity;
- relocate the Club permanently outside the Parramatta/Western Sydney region;
- merge the Club with another NRL club;
- surrender or transfer the Company's NRL licence;
- dispose of substantially all of the Company's football operations; or
- amend the Heritage Share provisions.

4. Article 6 - Life Membership Rights

6.4 Rights of Life Members - Proposed Replacement

Every Life Member of the Company shall be entitled to become a Voting Member of the Eels Members Company for life without payment of any membership subscription and without being required to satisfy the ordinary qualifying period.

A Life Member shall be entitled to:

- attend the Annual Members Meeting of the Company;
- attend and vote at general meetings of the Eels Members Company;
- vote in elections for Eels Member Directors;
- nominate eligible candidates for election as Eels Member Directors; and
- exercise all other rights conferred upon Voting Eels Members.

Nothing in this article shall make a Life Member personally liable as a shareholder of PNRL. Existing recognition of former PDRL Life Members should be preserved.

5. Articles 7-8 - General Meetings and Annual Members Meeting

Formal PNRL shareholder meetings would comprise two shareholders: PLCL holding 60% and the Eels Members Company holding 40%. In addition, the Constitution should guarantee an annual meeting accessible to ordinary Eels Members.

7.9 Annual Members Meeting - Proposed New Article

The Company must convene an Annual Members Meeting in each calendar year.

All current Parramatta Eels Members and Life Members shall be entitled to attend.

The Annual Members Meeting shall include:

- an address from the Chairman;
- an address from the Chief Executive Officer;
- presentation of the Company's annual financial and football performance;
- reports concerning the NRL, NRLW and pathways programs;
- a report from the Eels Member Directors;
- reasonable opportunity for Members to submit and ask questions of the Board and senior management; and
- such other business as the Board considers appropriate.

The Company must provide reasonable notice of the Annual Members Meeting to all Eels Members.

6. Article 9 - Board Composition: 3-3-1

9.1 Number and Composition of Directors - Proposed Replacement

The Company must have seven (7) Directors consisting of:

- three (3) PLCL Directors, nominated by PLCL;
- three (3) Eels Member Directors, directly elected by Voting Members of the Eels Members Company; and
- one (1) Independent Director, appointed in accordance with the Independent Director provisions.

All Directors owe their duties to PNRL as a whole and not to the constituency by which they were nominated, elected or appointed.

7. Director Eligibility and Skills

9.2 Director Eligibility - Proposed Replacement

Every Director must:

- be at least 18 years of age and ordinarily reside in Australia;
- satisfy all requirements imposed by the Corporations Act and the NRL;
- be a fit and proper person;
- satisfy applicable conflict-of-interest requirements;
- complete prescribed company-director training within twelve months unless appropriately exempted; and

- possess skills, experience or knowledge contributing to the collective Skills Matrix of the Board.

The strict Independence Criteria should apply specifically to the seventh Independent Director, while all seven Directors remain subject to statutory duties, conflict requirements and fitness/propriety standards.

8. Rugby League Knowledge as a Board Competency

9.2A Rugby League Knowledge - Proposed New Article

In considering the collective composition of the Board, regard must be given to ensuring that the Board collectively possesses demonstrated knowledge and experience in rugby league.

At all times at least one Director must possess substantial experience in one or more of:

- professional rugby league;
- coaching or high-performance programs;
- rugby league administration;
- recruitment, retention or player management;
- junior representative football and pathways;
- women's rugby league;
- community or junior rugby league; or
- professional sports administration.

Policy option for further consideration: require at least two of the seven Directors to satisfy this rugby league experience requirement, avoiding reliance on a single 'football director'.

9. Election of Three Eels Member Directors

9.4 Election of Eels Member Directors - Proposed Article

Eels Member Directors shall be elected by secret ballot of Voting Members of the Eels Members Company.

A candidate must:

- satisfy the Director Eligibility requirements;
- have been a Voting Eels Member or Life Member for the period prescribed by the Members Company constitution;
- satisfy the NRL's fit and proper person requirements;
- provide required declarations, disclosures and background checks; and
- comply with applicable election rules.

Each Voting Eels Member shall have one vote for each vacancy to be filled and may not cast more than one vote for any candidate. The candidates receiving the greatest number of valid votes shall be elected.

A nominations/eligibility body may assess objective eligibility before the ballot, but should not have a discretionary veto over a candidate who satisfies the constitutional eligibility criteria.

10. Three PLCL Directors

9.5 PLCL Directors - Proposed Article

PLCL shall nominate three persons to serve as PNRLC Directors. A nominee must satisfy the Director Eligibility requirements. A PLCL nominee satisfying those requirements must be appointed by the PNRL Board.

11. Seventh Independent Director

9.6 Independent Director - Proposed Article

The Independent Director must:

- satisfy the Independence Criteria;
- not be a director, employee or officer of PLCL or the Eels Members Company;
- not have held such a position during the preceding three years;
- demonstrate appropriate governance and Board experience; and
- contribute skills identified as necessary through the Board Skills Matrix.

Suggested selection panel: one nominee of PLCL, one nominee of the Eels Members Company and one genuinely independent chair. Appointment should require support from both constituency representatives.

12. Chairman

The Independent Director should not automatically become Chairman. The seven Directors should elect the Chairman annually, with election requiring the affirmative vote of at least five (5) Directors. This prevents either the three PLCL Directors or the three Member Directors from selecting the Chairman without broader Board support.

13. Director Terms and Rotation

Retain three-year Director terms and the existing nine-year maximum tenure. Suggested staggered rotation:

- Year 1: one PLCL Director and one Eels Member Director;
- Year 2: one PLCL Director, one Eels Member Director and the Independent Director;
- Year 3: one PLCL Director and one Eels Member Director.

This would provide Eels Members with a direct PNRL Board election every year.

14. Reserved Matters

Because a 60% shareholder could otherwise determine ordinary shareholder resolutions, specified Reserved Matters should require at least 75% shareholder approval. This means neither PLCL nor the Eels Members Company could approve them alone.

Reserved Matters should include:

- amendment of the PNRL Constitution;

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- issue of new shares or dilution of either shareholder;
- change to the 60/40 ownership proportions;
- sale, surrender or transfer of the NRL licence;
- merger or permanent relocation;
- winding up PNRL;
- disposal of substantially all football operations;
- material related-party transactions above an appropriate threshold;
- change to the seven-Director 3-3-1 model;
- removal or material weakening of Member-elected Director provisions;
- removal of the Annual Members Meeting; and
- amendment or removal of the Heritage Share.

15. Article 19 - Protected Governance Amendments

The existing Article 19 amendment pathway would require careful legal treatment because the present Governance Provisions are protected. The proposed future model should replace that mechanism with dual democratic protection.

19. Amendments to Constitution - Proposed Future Article

An amendment affecting a Governance Provision, ownership proportions, Member representation, Heritage Share or Reserved Matter shall only take effect where:

- the amendment is approved by not less than 75% of valid votes cast in a ballot of PLCL Voting Members;
- the amendment is approved by not less than 75% of valid votes cast in a ballot of Voting Eels Members;
- PLCL votes its shares in favour of the amendment; and
- the Eels Members Company votes its shares in favour of the amendment.

This would prevent either a future PLCL Board or a future Eels-membership bloc from dismantling the settlement alone.

16. Proposed Structural Summary

Stakeholder	Ownership	PNRL Directors	Key Rights
Parramatta Leagues Club	60%	3	Majority economic ownership; nominate 3 Directors; participate in protected constitutional votes
Eels Members Company	40% + Heritage Share	3	Member-elected representation; heritage veto; participate in protected constitutional votes
Independent	None	1	Independent balancing Director selected through joint process

17. Policy Rationale

The proposal is not intended to restore the pre-2016 governance model. It is intended to preserve professional governance, director qualifications, training, conflicts controls and term limits while restoring a democratic connection between Parramatta Eels Members and the football club.

Core principle: Keep professional governance. Keep director qualifications. Keep term limits. Keep an independent director. But return ownership and a democratic voice to the people whose loyalty built the football club.

18. Matters Requiring Legal and Regulatory Review

- Corporations Act implications of the proposed share restructure and special Heritage Share;
- whether PNRL's proprietary-company status is compatible with the proposed ownership/member architecture or should be reconsidered;
- Parramatta Leagues Club's registered-club obligations and any restrictions on transfer or dilution of its PNRL ownership;
- NRL licence, ownership-change and governance approval requirements;
- tax implications for PLCL, PNRL and the proposed Eels Members Company;
- design of the Eels Members Company constitution and guarantee structure;
- transition arrangements for the current PNRL Board and Director terms;
- interaction with the current Article 19 protected amendment procedure;
- treatment of existing PNRL and former PDRL Life Members; and
- appropriate safeguards around eligibility, elections, campaigning and member-register privacy.