

Company No: 3223686

THE COMPANIES ACTS 1985 & 1989

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PRIVATE COMPANY LIMITED BY SHARES

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*J R Mickle*

MEMORANDUM OF ASSOCIATION

of

TIG SYNDICATE MANAGEMENT LIMITED

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Incorporated 11 July 1996

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**THE COMPANIES ACTS 1985 & 1989**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**MEMORANDUM OF ASSOCIATION**

**of**

**TIG SYNDICATE MANAGEMENT LIMITED**

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1. The name of the Company is TIG Syndicate Management Limited.
2. The Company's registered office is to be situated in England and Wales.
- \*3. The Company's objects are:-
  - (1) To act as agents for Lloyd's syndicates and managers for any insurance company, syndicate, club or association, or any individual underwriter in connection with its or his business or any branch of the same, and to carry on any business of insurance or reinsurance of a kind not hereinafter expressly prohibited and to act as agents for any individual, firm, association, syndicate, company or corporation carrying on the business of insurance or reinsurance in any of its branches.

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\* By a special resolution passed at an extraordinary general meeting of the Company held on <sup>November</sup> 12th September 1996 clause 3 of the Memorandum of Association was altered by the replacement in its entirety of the then existing clause 3 by the above clause 3.

- (2) To accumulate capital for any of the purposes of the Company, and to appropriate any of the Company's assets to specific purposes, either conditionally or unconditionally, and to admit any class or other section of those who insure or have any dealings with the Company to any share in the profits thereof or in the profits of any particular branch of the Company's business, or to any other special rights, privileges, advantages and benefits.
- (3) To carry on any other trade or business whatsoever which can, in the opinion of the Board of Directors, be advantageously carried on by the Company in connection with or as ancillary to any of the above businesses or the general business of the Company.
- (4) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest any lands, buildings, easements, rights, privileges, concessions, patents, patent rights, licences, secret processes, machinery, plant, stock-in-trade, and any real or personal property of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department thereof; and to construct, improve, enlarge, alter, maintain and repair any such buildings or property.
- (5) To borrow or raise or secure the payment of money for the purposes of or in connection with the Company's business, and for the purposes of or in connection with the borrowing or raising of money by the Company to become a member of any building society.
- (6) To mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or

debenture stock, either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurance.

- (7) To issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the Company or of its clients or other persons having dealings with the Company or in whose businesses or undertakings the Company is interested, whether directly or indirectly.
- (8) To receive money on deposit or loan upon such terms as the Company may approve, and to guarantee the obligations and contracts of clients or other persons.
- (9) To lend money on any terms that may be thought fit, and particularly to clients or other persons having dealings with the Company (including officers, ex-officers, employees or ex-employees of the Company) to give any guarantee that may be deemed expedient and to apply the funds of the Company for the provision of deposits at Lloyd's for candidates (including officers, ex-officers, employees or ex-employees of the Company) for election to and for members of and annual subscribers to Lloyd's.
- (10) To grant pensions, allowances, gratuities and bonuses to officers, ex-officers, employees or ex-employees of the Company or its predecessors in business or the dependants or connections of such persons, to establish and maintain or concur in establishing and maintaining trusts, funds or schemes (whether contributory or non-contributory) with a view to providing pensions or other benefits for any such persons as aforesaid, their dependants or connections, and to support or subscribe to any charitable funds or institutions, the support of which may, in the opinion of the Board of Directors, be calculated directly

or indirectly to benefit the Company or its employees, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company or its officers or employees.

- (11) To draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange and other negotiable instruments.
- (12) To invest and deal with the moneys of the Company not immediately required for the purposes of the business in or upon such investments or securities and in such manner as may from time to time be determined.
- (13) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (14) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any company or corporation, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.
- (15) To enter into any partnership or joint-purse arrangement or arrangement for sharing profits, union of interests or co-operation with any company, firm or person carrying on or proposing to carry on any business with the objects of

this Company, and to acquire and hold, sell, deal with or dispose of shares, stock or securities of any such company, and to guarantee the contracts or liabilities of, or the payment of the dividends, interest or capital of any shares, stock or securities of and to subsidise or otherwise assist any such company.

- (16) To establish or promote any insurance company, club or association whatsoever (whether on the mutual principle or otherwise) in any part of the world.
- (17) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of this Company or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold or dispose of shares, stock or securities of and guarantee the payment of the dividends, interest or capital of any shares, stock or securities issued by or any other obligations of any such company.
- (18) To purchase or otherwise acquire and undertake all or any part of the business, property, assets, liabilities and transactions of any person, firm or company carrying on any business which this Company is authorised to carry on.
- (19) To sell, improve, manage, develop, turn to account, exchange, let on rent, royalty, share of profits or otherwise, grant licences, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the Company for such consideration as the Company may think fit.
- (20) To amalgamate with any other company whose objects are or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities

of this or any such other company as aforesaid, with or without winding-up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.

- (21) To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (22) To do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.
- (23) To do all such other things as are incidental or conducive to the above objects or any of them.

AND SO THAT:-

- (a) None of the objects set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.

- (b) None of the sub-clauses of this Clause and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of this Clause as though each such sub-clause contained the objects of a separate Company.
- (c) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

4. The liability of the Members is limited.

\*5. The share capital of the Company is £400,000 divided into 400,000 Shares of £1 each.

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\* By a special resolution passed at an extraordinary general meeting of the Company on 19th September 1996, the share capital of the Company was increased to £400,000 by the creation of an additional 399,000 ordinary shares of £1 each.



WE, the persons whose names and addresses are subscribed are desirous of being formed into a Company in pursuance of the Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set out opposite our respective names.

Names, addresses and description  
of subscribers.

Shares taken by  
each subscriber.

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David Parry  
2nd Floor  
83 Clerkenwell Road  
London EC1R 5AR

ONE

Company Registration Agent

John Fake  
2nd Floor  
83 Clerkenwell Road  
London EC1R 5AR

ONE

Company Registration Agent

Dated: 10th September 1996

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Witness to the above signatures:

Darren Cooper  
2nd Floor  
83 Clerkenwell Road  
London EC1R 5AR

The Companies Acts 1985 and 1989

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**COMPANY LIMITED BY SHARES**

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**NEW  
ARTICLES OF ASSOCIATION  
OF  
TIG SYNDICATE MANAGEMENT LIMITED**

(Adopted by special resolution passed on 12 November 1996)

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Incorporated 11th July 1996  
Company Number 3223686

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**TITMUSS SAINER DECHERT**  
2, Serjeants' Inn,  
London EC4Y 1LT

*TRFdiada*

The Companies Acts 1985 and 1989

## COMPANY LIMITED BY SHARES

### NEW ARTICLES OF ASSOCIATION OF TIG SYNDICATE MANAGEMENT LIMITED

(Adopted by special resolution passed on 12 November 1996)

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#### 1                    **PRELIMINARY**

- 1.1            The regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 ("**Table A**") shall, except as provided in and so far as the same are not inconsistent with the provisions of these articles, apply to the company and shall together with these articles constitute the regulations of the company.
- 1.2            Regulations 3, 8 to 11, 23, 26, 35 to 55, 57, 59 to 62, 64 to 69, 73 to 81, 85 to 91, 93 to 98, 112 and 115 of Table A shall not apply to the company.
- 1.3            In these articles unless the context otherwise requires the following expressions shall have the following meanings:-
- "**Act**" means the Companies Acts 1985 and 1989 including any statutory modification or re-enactment thereof for the time being in force;
- "**articles**" means the articles of the company;
- "**Auditors**" means the auditors of the company from time to time;
- "**associated company**" means:-
- (a)    any company which is the holding company or a subsidiary of the corporate member in question or a subsidiary of any such holding company; or
- (b)    any company the share capital of which is vested in the same persons and in the same proportions as the shares of the corporate member in question are vested;

**"clear days"** in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**"control"** shall have the same meaning as in section 840 of the Income and Corporation Taxes Act 1988;

**"corporate member"** means any member which is a company;

**"Corporate Member"** means TIG Corporate Name (No.1) Limited;

**"executed"** includes any mode of execution;

**"family"** in relation to any principal shall mean any one or more of such principal, his spouse, his parents, his descendants, including persons claiming descendancy by adoption, his brothers and sisters, the estates of any such persons and the trustees of a trust (**"family trust"**) exclusively for the benefit of the family of such principal;

**"family member"** means any member who is a member of a principal's family;

**"holder"** in relation to shares means the member whose name is entered on the register of members as the holder of the shares;

**"London Stock Exchange"** means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

**"office"** means the registered office of the company;

**"Ordinary Shares"** means the ordinary shares of 1p each in the capital of the company;

**"principal"** means any person being an individual who was a member of the company but who has transferred shares to his family;

**"principal corporate member"** means the original corporate member who will have transferred shares to any associated company;

**"seal"** means the common seal of the company;

**"secretary"** means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

**"share"** means a share in the capital of the company;

**"Special Director"** means a current director of:-

- (a) TIG Holdings, Inc., or
- (b) TIG Reinsurance Company, Inc.

**"transfer"** means any transfer, sale, charge, mortgage, encumbrance, declaration of trust or other disposal of any share, or any interest in any share, in the capital of the company;

**"United Kingdom"** means Great Britain and Northern Ireland.

Words importing the masculine gender include the feminine gender.

Words importing persons include bodies corporate and unincorporated associations.

Words importing the singular shall, where the context so permits, include a reference to the plural and vice versa.

Subject as aforesaid any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meaning in these articles.

Reference to any act, statute or statutory provision shall include any statutory modification, amendment or re-enactment thereof.

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these articles and a special resolution shall be effective for any purpose for which an extraordinary resolution is expressed to be required under any provision of these articles.

## **2 LLOYD'S DEFINITIONS**

- 2.1 The expression "the Special Articles" means this article and article 3 (Special Provisions relating to Share Capital), 4 (Restrictions on Registration), 5 (Beneficial Ownership), 6 (Substantial Shareholdings), 7 (Special Provisions relating to the Transfer of Shares), 13 (Suspension of Voting Rights), 23 (Special Provisions relating to Directors), 24 (Special Provisions relating to the Disqualification of Directors), and 25 (Directors' Powers to Delegate).

2.2 The words standing in the first column of the following table bear in the Special Articles the meanings set opposite them respectively in the second column:-

<b><u>"Byelaw"</u></b>	The Underwriting Agents Byelaw (No 4 of 1984) (as amended);
<b><u>"Council"</u></b>	the council constituted by section 3 of the Lloyd's Act;
<b><u>"default notice"</u></b>	has the meaning given to it in Article 12 (Suspension of Voting Rights); and
<b><u>"register"</u></b>	register of members of the Company.

2.3 The following expressions bear in the Special Articles the meanings given to them respectively by the Byelaw:-

the Lloyd's Act  
active underwriter  
interest

2.4 Unless the context otherwise requires, any word or expression not defined in article 2.2 or in the Byelaw to which a meaning is given by section 2(1) of the Lloyd's Act has the same meaning in the Special Articles.

2.5 Any requirement in the Special Articles for any agreement, consent or approval on the part of the Council is to be read as a requirement for such agreement, consent or approval to be given in writing before the act, event or state of affairs for which such agreement, consent or approval is needed is done or occurs. Any such agreement, consent or approval may be given on such terms and conditions and for such period as the Council thinks fit and may be revoked by the Council at any time.

2.6 The provisions of the Special Articles apply notwithstanding anything to the contrary in any other provision of these articles.

2.7 References herein to any statute are to any statutory re-enactment or modification thereof for the time being in force.

### **3. SPECIAL PROVISIONS RELATING TO SHARE CAPITAL**

3.1 The capital of the company at the date on which these articles are adopted is £400,000 divided into 400,000 ordinary shares of £1 each.

- 3.2 The company must not, without the consent of the Council, reduce its share capital whether by cancelling or purchasing or redeeming any of its shares or otherwise howsoever.

#### **4. RESTRICTIONS ON REGISTRATION**

- 4.1 A person desiring to be registered as the holder of any share must (whether or not he is registered as the holder of some other share) prior to registration, execute and deliver to the company a declaration:-
- 4.1.1 confirming that (unless and to the extent that the Council otherwise agrees) he has, and will retain, the entire interest in every share registered or proposed to be registered in his name for himself only; and
- 4.1.2 specifying the names of any holders of shares in the company whose holdings would fall to be aggregated with any shares registered in his name by virtue of article 6.2 (Substantial Shareholdings) if he had been the holder of the shares proposed to be registered in his name at the date of the declaration and the numbers of shares then held by such persons respectively.
- 4.2.1 The directors may, and if the Council so requires, they must, by written notice require a person desiring to be registered as the holder of any share to give them such further information or evidence, supported (if the directors or the Council so require) by a statutory declaration, as the directors or (in the case of a direction by the Council) the Council may consider necessary or desirable for the purpose of determining whether (unless the Council otherwise agrees) he has and will retain the entire interest in every share registered in his name for himself only.
- 4.2.2 The directors must not register a person as the holder of a share if either he has not executed and delivered a declaration complying with article 4.1 or the Council directs them not to register such person. The directors may in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share or to recognise any renunciation of an allotment notwithstanding the execution and delivery of any such declaration or the absence of any such direction. This article 4.2.2 is subject to the provisions of article 7 (Special Provisions relating to the Transfer of Shares).

- 4.3.1 The company must:-
- 4.3.1.1 if any transfer relating to a share is lodged with the company for registration, forthwith give notice in writing to the Council specifying the particulars contained in such transfer;
- 4.3.1.2 deliver promptly to the Council a copy of every declaration and every other document delivered to the company under article 4.1, and if applicable, article 4.2.1;
- 4.3.1.3 if any transfer relating to a share is registered, forthwith give notice in writing to the Council stating that the same has been registered; and
- 4.3.1.4 give to the Council immediate notice in writing of every other change (whenever made) to any of the particulars contained in the register, and the Company must not register any transfer of any share for a period of 14 days after articles 4.3.1.1 and 4.3.1.2 have been complied with in relation to such transfer.
- 4.4 Unless the Council otherwise agrees, the directors must not allot or issue any one share to more than one person, register any form of transfer or nomination in favour of more than one person, accept any renunciation of a letter of allotment relating to any share in favour of more than one person or permit the registration of more than one person by virtue of his having become entitled to a share on the death or bankruptcy of its holder.
- 4.5 There must not, without the consent of the Council, be conferred on any person, whether by virtue of the holding of a share or otherwise, the right to prevent or affect the exercise by the directors or the Company in general meeting of any of their or its powers, without the consent or concurrence of such person.
- 4.6 The Company does not have power to issue share warrants to bearer.

## **5. BENEFICIAL OWNERSHIP**

Without prejudice to article 4 (Restrictions on Registration) and article 6 (Substantial Shareholdings):-

- 5.1 unless and to the extent that the Council otherwise agrees, each holder must retain the entire interest in every share registered in his name for himself only



and he must not create or permit to be created or to subsist any interest in the share in favour of any other person; and

5.2 notwithstanding article 5.1:-

5.2.1 a member entitled to vote may appoint a proxy (or where that is permitted by these articles other than the Special Articles or if the company is a public company, one or more proxies) but the instrument appointing the proxy must be in writing under the hand of the appointor or, if the appointor is a body corporate, under its seal (if any) or under the hand of an officer duly authorised (but so that the directors are to be entitled to require evidence of the authority of such officer) and a vote given by proxy on a particular resolution may not be treated as valid or effective unless the instrument appointing such proxy relates only to the meeting at which that resolution is to be considered and either:-

5.2.1.1 such instrument specifies whether the proxy is to vote for or against such resolution; or

5.2.1.2 such resolution is for an amendment to any resolution in respect of which the proxy has been directed to vote (either for or against); or

5.2.1.3 such resolution is a motion for an adjournment or for the appointment of a chairman; and

5.2.2 a corporation which is a member of the company may subject to, and in accordance with, any other provision of these Articles exercise the powers conferred by section 375(1)(a) of the Act to appoint a person as its representative but the directors are to be entitled to require evidence of the authority of such representative.

## **6. SUBSTANTIAL SHAREHOLDINGS**

6.1 No person may, except to the extent that the Council otherwise agrees, be the holder of shares carrying more than 25% of the voting power conferred by shares of the Company or be the holder of more than 25% of the nominal value of the shares of any class of the Company or any percentage shareholding as may be directed by Lloyd' from time to time.

- 6.2 In determining whether such limit has been exceeded by any person ("the shareholder"), there must be aggregated with the shares registered in the name of the shareholder and treated as held by him, shares registered in the names of the persons who, in relation to him, are the persons referred to in:-
- 6.2.1 section 12(1)(c) of the Lloyd's Act if the shareholder is a body corporate;
- 6.2.2 section 12(1)(e) (but excluding the proviso to that section) of the Lloyd's Act if the shareholder is an individual; and
- 6.2.3 section 22(2)(d) of the Lloyd's Act if the shareholder is a member of a partnership,
- provided that: -
- 6.2.3.1 references in section 12(1)(c) and (d) of the Lloyd's Act to a director or a partner are to be treated, in the case of a director or partner who is an individual, as including the persons mentioned in section 12(1)(e) of the Lloyd's Act; and
- 6.2.3.2 this article 6.2 does not require any share to be taken into account more than once in determining whether the limit of 25% has been exceeded.

## **7. SPECIAL PROVISIONS RELATING TO THE TRANSFER OF SHARES**

- 7.1 If:-
- 7.1.1 any person is, without the agreement of the Council, a joint holder of any share; or
- 7.1.2 without the consent of the Council, any person has an interest in a share other than the holder thereof except by reason only of the occurrence of an event specified in article 7.3; or
- 7.1.3 any consent, agreement or approval given by the Council with respect to a share is revoked or expires or terminates or there is a breach by any holder of any undertaking given to the Council; or
- 7.1.4 any holder is in breach of article 6 (Substantial Shareholdings),
- the directors must, unless the Council agrees otherwise, as soon as practicable give a notice in writing complying with article 7.4 to the person who is the holder concerned or the holder of the shares concerned with respect to the

shares to which article 7.1 applies provided always that in a case where article 7.1.4 applies but the shares in question are held by more than one person, such notice need only be given to such holders as the directors may in their absolute discretion and without assigning any reason therefor determine for the purpose of remedying the breach of article 6 (Substantial Shareholdings) and their determination is conclusive.

- 7.2 Article 7.1 applies, unless the Council otherwise agrees, to all the shares in the Company registered (whether solely or jointly with some other person(s)) in the name of the holder on whom notice under such paragraph is required to be served provided that:-
  - 7.2.1 if article 7.1 applies to such holder by reason only of his being a joint holder of any share, without the consent of the Council, such paragraph applies only to shares so held;
  - 7.2.2 if article 7.1 applies to such holder by reason only that, without the consent of the Council, another person has an interest in any share held by him, article 7.1 applies only to the share registered in his name in which another person has, without the consent of the Council, an interest;
  - 7.2.3 if the Council so agrees before the expiration of fourteen days from the date of the notice given pursuant to article 7.1, article 7.1 shall apply by virtue of such notice only in respect of the shares to which it would otherwise apply by reason of article 7.2.4; and
  - 7.2.4 if article 7.1 applies to such holder by virtue only of article 7.1.4, article 7.1 applies (subject as aforesaid) only to such number or value of the shares of each class held by him as the directors may in their absolute discretion and without assigning any reason therefor determine for the purpose of remedying the breach of article 6 (Substantial Shareholdings) and their determination is conclusive.
- 7.3 If:-
  - 7.3.1 any holder (being an individual) dies; or
  - 7.3.2 any holder (being an individual) is adjudicated bankrupt, or (being a body corporate) enters into liquidation or has a receiver or administrator appointed

of its shares in the company or (whether a body corporate or an individual) makes any arrangement or composition with his creditors generally or anything analogous to any of the events specified in article 7.3.2 occurs under the laws of any applicable jurisdiction; or

7.3.3 a default notice has been served on any holder and has not been withdrawn, the directors may, and at the direction of the Council they must, give a notice in writing complying with article 7.4 to the holder of such shares with respect to such of the shares held by him (whether solely or jointly) as may be specified in such notice but no direction may be given by the Council in the case of article 7.3.1 or 7.3.2 until the expiry of sixty days from the date on which occurred the event by virtue of which such sub-paragraph first applied.

7.4.1 In article 7.4, the following expressions bear the meanings set opposite them respectively below:-

**“accepted shares”** means shares in respect of which an accepting member accepts (or under the terms of the offer is deemed to accept) such offer;

**“accepting member”** means a member to whom an offer is made pursuant to article 7.4.6 hereof and who accepts such offer;

**“compliance declaration”** means a declaration complying with article 4.4 (Restrictions on Registration);

**“compulsory purchase notice”** means a notice complying with article 7.4.2.2;

**“compulsory transfer notice”** means a notice complying with article 7.4.2.1;

**“fair value”** means fair value certified in accordance with article 7.6;

**“member’s nominee”** means a person specified by the notified member in pursuance of article 7.4.5.1;

**“notified member”** means a holder on whom a notice is served pursuant to article 7.1 or 7.3;

**“person qualified to hold shares”** means a person in whose name the directors could, under the provisions of the Special Articles, register the shares in question at the time when it is anticipated that they would be so registered (if registered at all);

**“purchaser”** means a person to whom, under the provisions of this Article, shares are to be transferred; and

**“relevant shares”** means in relation to a compulsory transfer notice or a compulsory purchase notice, the shares to which such notice relates and in relation to a notified member, the shares to which the notice served on him pursuant to article 7.1 or 7.3 relates.

7.4.2.1 A notice served pursuant to article 7.1 or 7.3 must require either:

7.4.2.1.1 that the relevant shares be transferred at their fair value; or

7.4.2.1.2 that the relevant shares be sold to the company at their fair value.

7.4.2.2 No notice may be given which requires the relevant shares to be sold to the company unless:-

7.4.2.2.1 the Council has given its consent to such purchase;

7.4.2.2.2 the relevant shares are to be purchased out of distributable profits or the proceeds of a fresh issue of shares; and

7.4.2.2.3 requirements of section 162 of the Act are satisfied.

7.4.3 A compulsory transfer notice must specify the name of the person who is nominated by the directors as the person to whom the relevant shares are to be transferred by the notified member. Such person must be a person qualified to hold the relevant shares and he must, prior to the despatch of the compulsory transfer notice, have executed and delivered to the company a compliance declaration in respect of the relevant shares and he must not be a person who the Council does not consent to be the holder of the relevant shares.

7.4.4 The notified member must within fourteen days of the service on him of a compulsory transfer notice, or, if the requirements of articles 7.4.5.1 and/or 7.4.5.2 but not the requirements of articles 7.4.5.3 and/or 7.4.5.4 are fulfilled, within forty-two days of such service (or such longer period as the directors may by writing determine), execute and deliver to the company a form of transfer transferring the relevant shares to the person named in the compulsory transfer notice at their fair value and provided that such person has duly paid for such shares, the directors must register such transfer.

7.4.5 If:-

- 7.4.5.1 within seven days of the service on him of the compulsory transfer notice, the notified member by notice in writing to the company specifies the name of some other person as the person to whom the relevant shares are to be transferred; and
- 7.4.5.2 the member's nominee is a person qualified to hold the relevant shares and within fourteen days of the giving by the notified member of the notice referred to in article 7.4.5.2, the member's nominee has executed and delivered to the company a compliance declaration in respect of the relevant shares; and
- 7.4.5.3 the Council has not within a further fourteen days after the expiry of the period of fourteen days mentioned in article 7.4.5.2 hereof directed the directors not to register the relevant shares in the name of the member's nominee; and
- 7.4.5.4 the directors have not within the further period of fourteen days mentioned in article 7.4.5.3 hereof determined that the relevant shares should not be registered in the name of the member's nominee,
- the notified member must, within seven days of the expiration of such period of fourteen days, execute and deliver to the company a form of transfer transferring the relevant shares to the member's nominee at their fair value and provided that the member's nominee has duly paid for such shares, the directors must register such transfer.
- 7.4.6 If:-
- 7.4.6.1 the accepting member does not duly execute or deliver a compliance declaration in respect of the relative accepted shares; or
- 7.4.6.2 the directors determine that accepted shares should not be registered in the name of the relative accepting member; or
- 7.4.6.3 the Council directs the directors not to register accepted shares in the name of the relative accepting member; or
- 7.4.6.4 any person to whom the notified member is under any provision of article 7.4 bound to transfer relevant shares fails to make payment of their fair value at the time stipulated by the directors,
- the directors must, as soon as practicable, nominate some other person as the purchaser of the relevant shares in question. Such person must be a person

qualified to hold such shares and he must, prior to being nominated, have executed and delivered to the company a compliance declaration in respect thereof. The directors must serve a notice on the notified member specifying the name of the purchaser so nominated by them and the number of the relevant shares to be transferred to him. The notified member must within fourteen days of the service on him of such notice, execute and deliver to the company a form of transfer transferring such shares in accordance therewith. Provided that the notified member is duly paid for such shares, the directors must register such transfer.

7.4.7 If in any case a notified member having become bound so to do, fails to execute or deliver a transfer in accordance with, and within the time allowed by, article 7.4, the directors must authorise an officer of the company to execute on behalf of the notified member a form of transfer for the relevant shares in question in favour of the purchaser and a form of transfer executed under such authority is valid and effective. The purchase money must be paid to the company whose receipt is a good discharge, and paid over (without interest) by the company to the notified member.

7.5 In any case where a compulsory purchase notice is served on the notified member, the directors must draw up a draft contract of purchase which provides for completion of the purchase of the relevant shares on the expiration of seven days after the passing of the special resolution hereinafter mentioned and for the payment to the notified member of the purchase price therefor on completion. The notified member is deemed, by virtue of his having become a member of the company, to have agreed:-

7.5.1 to such contract; and

7.5.2 to have appointed any person nominated by the director to execute such contract on his behalf; and

7.5.3 that he should deliver the relevant shares to the company at completion.

The directors must convene a meeting to consider a special resolution to authorise such contract of purchase, and take all such steps as are necessary or desirable to be taken by them to ensure that such contract is duly approved,

executed and carried into effect. Every member of the company who being so entitled, votes (whether in person or by proxy) on such special resolution or any other resolution necessary to give effect thereto (whether a resolution of the company or of the holders of any class of its shares) must vote in favour thereof.

7.6 The auditors for the time being must certify the sum which, in their opinion, is the fair value of the relevant shares. In so certifying, the auditors act as experts and not as arbitrators and their decision is final and binding. The cost of obtaining such auditors' certificate is to be borne by the company.

7.7 No share may be transferred to an infant, bankrupt or person of unsound mind.

## **8. ISSUE OF SHARES**

8.1 Subject to the provisions of the Act the company may:-

8.1.1 issue shares which are to be redeemed or are liable to be redeemed at the option of the company or the holder, on such terms and in such manner as may be set out in these articles (as amended from time to time) or (as to the date on or by which or the dates between which the shares are to be or may be redeemed) as may be determined by the directors prior to the date of issue;

8.1.2 purchase its own shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be approved by such ordinary or special resolution as may be required by the Act; and

8.1.3 to the extent permitted by section 171 of the Act, make a payment in respect of the redemption or purchase of any of its own shares (including any redeemable shares) otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares.

8.2 Subject as otherwise provided in these articles and to any direction or authority contained in the resolution of the company creating or authorising the same, the directors are generally and unconditionally authorised, for the purposes of section 80 of the Act, to allot or to grant options or rights of subscription or conversion over unissued shares to such persons (whether existing



shareholders or not), at such times and on such terms and conditions as they think proper.

8.3 The authority granted to the directors under article 8.2:-

8.3.1 shall not permit the directors to allot or to grant options or rights of subscription or conversion over shares to an aggregate amount of more than the unissued share capital at the date of adoption of these articles or (if such authority is renewed or varied by the company in general meeting) the amount specified in the resolution for such renewal or variation;

8.3.2 shall expire not more than five years from the date of the incorporation of the company or (if such authority is renewed or varied by the company in general meeting) on the date specified in the resolution on which the renewed or varied authority shall expire;

8.3.3 may be renewed, revoked or varied at any time by the company in general meeting;

8.3.4 shall permit the directors after the expiry of the period of the said authority to allot any shares or grant any such rights in pursuance of an offer or agreement so to do made by the company within that period.

8.4 Notwithstanding anything to the contrary in these articles, no unissued share may be issued without the consent in writing of all the members for the time being of the company.

8.5 In exercising their authority under this article 8 the directors shall not be required to have regard to section 89(1) and section 90(1) to (6) (inclusive) of the Act which sections shall be excluded from applying to the company.

## **9 LIEN**

Regulations 8 to 11 of Table A shall be excluded.

## **10 TRANSFER OF SHARES**

Except where a transfer is specifically authorised by these articles, no transfer shall be made or registered without the consent in writing of all the members from time to time of the company.

## **11 SUSPENSION OF VOTING RIGHTS**

- 11.1 In the Special Articles, the expression "default notice" means a notice stating that the holder of shares on whom it is served ("the relevant holder") is not entitled to attend or vote at any general or class meeting of the company, either personally or by proxy, or to be reckoned in a quorum in relation to any such meeting in respect of any share specified in such notice. Upon service of a default notice in accordance with this article, the relevant holder ceases to be so entitled. If a default notice is withdrawn in accordance with this Article, the relevant holder becomes entitled in respect of the shares specified in such notice to exercise such right as he had immediately before the service of the default notice to attend and vote (either in person or by proxy) at any general or class meeting of the company either personally or by proxy and to be reckoned in a quorum in relation to any such meeting with effect from the date on which notice of such withdrawal is served upon him.
- 11.2 The directors may at any time, and at the request of the Council, by written notice require any holder of a share to give them such information or evidence, supported (if the directors or the Council so require) by a statutory declaration, as the directors or the Council may consider necessary or desirable for determining whether or not there is, or is to be, an infringement by any person with respect to such share of Article 3 (Beneficial Ownership) or Article 6 (Substantial Shareholdings) or of any condition imposed by, or undertaking given to, the Council pursuant to any of the Special Articles.
- 11.3 If:-
- 11.3.1 at any time, the directors have reasonable grounds for believing that any holder has failed within fourteen days of the service of such notice to comply with the notice given to him pursuant to this article; or
- 11.3.2 if any holder, having responded within such period to such notice, has failed to satisfy the directors, or (where the notice was given at the request of the Council) the Council that there is, or is to be, no infringement with respect to any share held by him of article 3 (Beneficial Ownership) or article 6 (Substantial Shareholdings) or of any condition imposed by, or undertaking given to, the Council pursuant to any of the Special Articles,

the directors may and, at the direction of the Council, they must, as soon as practicable, without prejudice to article 7 (Special Provisions relating to the Transfer of Shares) serve a default notice on the holder concerned specifying the shares to which such notice relates.

- 11.4 The directors must cause the register to have noted against the holder upon whom such a default notice has been served, details of such notice and the shares specified therein.
- 11.5 A default notice is conclusive evidence against the member concerned that circumstances had arisen entitling the directors to serve such notice.
- 11.6 Any notice which is given pursuant to this Article must be served in a manner in which a notice of meeting is authorised to be served by Regulations 111, 112 and 116 of Table A in the Companies (Tables A to F) Regulations 1985.
- 11.7 A share specified in a default notice which has not been withdrawn by a further notice in writing may not be transferred except in accordance with article 7 (Special Provisions relating to the Transfer of Shares). Upon registration of the transfer in accordance with such Article of any such share, the relative default notice is to be treated as withdrawn.
- 11.8 A default notice once served may not be withdrawn unless:-
  - 11.8.1 It is served pursuant to article 12.2 and the default to which it relates is capable of being remedied and is remedied to the satisfaction of the directors or (if the default notice was given at the direction of the Council) the Council within 14 days of the service thereof; or
  - 11.8.2 the Council agrees.

## **12 DISCLOSURE OF INTEREST IN SHARES**

- 12.1 The directors may at any time require any member to furnish the company with details of the beneficial interests in the shares held by such member.
- 12.2 If any person as referred to in article 11.1 has been served with a notice under that article and has failed to supply to the company the information thereby required within 14 days in relation to shares ("**Default Shares**"), the directors may direct in their absolute discretion at any time after the expiry of such 14

day period by means of a notice to the member holding such shares, any or all of the following:-

- 12.2.1 that any dividend or part thereof or other money which would otherwise be payable in respect of the Default Shares shall be retained by the company without any liability to pay interest thereon when such money is finally paid to the member; and/or
- 12.2.2 that no transfer of any of the shares held by such member shall be registered; and/or
- 12.2.3 such member shall not be entitled in respect of any or all shares held by him to vote at a general meeting either personally or by proxy.

### **13 GENERAL MEETINGS**

- 13.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 13.2 The directors may call general meetings but only where the directors have decided to do so by a declaration of the board and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 42 days after receipt of the requisition.

### **14 NOTICE OF GENERAL MEETINGS**

- 14.1 All annual general meetings and extraordinary general meetings called for the passing of a special or elective resolution shall be called by at least 21 clear days' notice.
- 14.2 All other extraordinary general meetings shall be called by at least 14 clear days' notice.
- 14.3 A general meeting may be called by shorter notice if it is so agreed:-
  - 14.3.1 in the case of an annual general meeting by all the members entitled to attend and vote thereat; and
  - 14.3.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than 95%, or (if an elective resolution as to the majority required to authorise short notice of meetings has been passed in accordance with the Act and

remains in force) such lesser percentage as may be specified in the resolution or subsequently determined by the company in general meeting being not less than 90%, in nominal value of the shares giving that right.

14.4 The notice of a general meeting shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

14.5 Subject to the provisions of these articles and to any restrictions imposed on any shares, notice of a general meeting shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

14.6 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 notice shall not invalidate the proceedings at that meeting.

## **15 PROCEEDINGS AT GENERAL MEETINGS**

15.1 No business shall be transacted at any meeting unless a quorum is present.

15.2 The holders representing a majority of shares of nominal value represented in person or by proxy shall (subject to article 15.3) be a quorum.

15.3 If within half an hour after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting:-

15.3.1 if convened upon the requisition of members, shall be dissolved; or

15.3.2 if convened otherwise than upon the requisition of members, shall stand adjourned until the same day in the next week at the same time and place, or such other day, time and place as the directors may determine and if at the adjourned meeting a quorum is not present, or ceases to be present, then the meeting shall be dissolved.

15.4 The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

- 15.5 If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 15.6 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to have a casting vote in addition to any other votes he may have.
- 15.7 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place.
- 15.8 No business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- 15.9 When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and the place of the adjourned meeting and the general nature of the business to be transacted, but otherwise it shall not be necessary to give any such notice.
- 15.10 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on a declaration of the result of, the show of hands a poll is duly demanded.
- 15.11 A poll may be demanded by any member having the right to vote at the meeting.
- 15.12 A demand for a poll by a person as proxy for a member shall be the same as a demand by the member.
- 15.13 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 15.14 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be

taken to have invalidated the result of a show of hands declared before the demand was made.

- 15.15 A poll shall be taken as the chairman may direct and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll.
- 15.16 The result of the poll (unless it was held at an adjourned meeting) shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 15.17 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.
- 15.18 A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs, not being more than 30 days after the poll is demanded.
- 15.19 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than a question on which the poll is demanded.
- 15.20 If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn with the consent of the chairman, the meeting shall continue as if the demand had not been made.
- 15.21 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded, but in any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

## **16 RESOLUTIONS IN WRITING**

A resolution in writing executed by all the members of the company entitled to receive notice of and to attend and vote at a general meeting or by their duly appointed proxies or attorneys:-

- 16.1 shall be as valid and effectual as if it had been passed at a general meeting of the company duly convened and held; and
- 16.2 any such resolution in writing may be contained in one document or in several documents in the same terms each executed by one or more of the members or their proxies or attorneys and execution in the case of a body corporate which

is a member shall be sufficient if made by a director thereof or by its duly authorised representative.

## **17 VOTES**

- 17.1 Subject to any rights or restrictions attached to any shares, on a show of hands every member present in person, or (if a corporation) present by a representative duly authorised in accordance with the Act who is not also himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.
- 17.2 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names of the holders stand in the register of members.
- 17.3 No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, unless all calls or other sums presently payable by him in respect of shares of the company have been paid.
- 17.4 On a poll votes may be given either personally or by proxy.
- 17.5 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor (or, if a corporation, under the hand of a duly authorised officer of the corporation) and shall be in such form as the directors may determine or, failing such determination, in any usual form.
- 17.6 The appointment of a proxy shall not be valid and the proxy named in the instrument shall not be entitled to vote at the meeting unless the instrument appointing the proxy, together with any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors:-
- 17.6.1 is deposited at the office (or 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 company in relation to the meeting) not later than 96 hours ( or such shorter period of time as agreed by all the members) before the time for



holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

17.6.2 in the case of a poll taken more than 96 hours after it is demanded, is deposited as specified in article 17.6.1 after the poll has been demanded and not less than 12 hours before the time appointed for the taking of the poll; or

17.6.3 where the poll is not taken forthwith but is taken not more than 96 hours after it is demanded, is delivered to the chairman or to the secretary or to any director at the meeting at which the poll is demanded.

## **18 DIRECTORS**

18.1 The number of the directors shall be determined by the company in general meeting but unless and until so determined there shall be a maximum of nine directors and the minimum number of directors shall be two.

18.2 A director or alternate director shall not require any share qualification.

18.3 A person may be appointed a director notwithstanding that he shall have attained the age of seventy years or any other age and no director shall be liable to vacate office by reason of his attaining that or any other age, nor shall special notice be required of any resolution appointing or approving the appointment of such a director or any notice be required to state the age of the person to whom such resolution relates.

18.4 Notwithstanding any rule of law or equity to the contrary, a director who has been appointed to the board by a member or class of members pursuant to these articles or any agreement between all the members of the company from time to time to represent the interests of that member or class of members shall not be taken to be in breach of his fiduciary duty to act in the best interests of the company by reason only that, in the performance of his duties and the exercise of his powers, he has regard to the interests and acts upon the wishes of that member or class of members unless no honest and reasonable director could have formed the view that in so doing the director was also promoting the interests of the company as a whole.

## **19. SPECIAL PROVISIONS RELATING TO DIRECTORS**

- 19.1 A person may be appointed a director where so long as the Company is registered as a managing agent under the Byelaw that person must seek the consent of the Council prior to his appointment.
- 19.2 To the extent required by Lloyd's, the directors must appoint to be a director of the company (if such person is not already a director), unless the Council otherwise agrees, the active underwriter of any syndicate managed by the company which represents ten per cent. or more of the total stamp capacity of the syndicates managed by the company.
- 19.3 Directors of the company may be appointed or removed only by a resolution of either the company in general meeting, and subject to article 20 the consent or concurrence of any person (other than the Council) may not be required for the appointment or removal of a person as a director.
- 19.4 A person is not eligible to be an alternate director unless he satisfies the criteria of the Council as to suitability and the company receives notice to that effect, and a person is not eligible to be an alternate director for a director who is a qualifying working member unless he is also a qualifying working member.
- 19.5 If any resolution for the removal of a director is to be proposed at any general meeting of the company, the directors or, in the case of a meeting requisitioned by members of the company in accordance with section 368 of the Act, the requisitionists must send to the Council a copy of the notice of such meeting at the same time as the same is sent to members of the company and, in addition, the company must send to the Council a copy of any representations made pursuant to section 303 of the Act also at the same time as the same are sent to members of the company. If copies of such representations are not sent to members of the company because they are received too late, they must be sent by the company to the Council as soon as practicable after their receipt.
- 19.6 It shall be necessary to give notice of a meeting of directors to every director including a director who is for the time being absent from the United Kingdom who has given to the secretary an address outside the United Kingdom for that

purpose. Any notice of meeting required by article 19.6 to be sent to an address outside the United Kingdom must, if less than fourteen days' notice is given, be sent by facsimile transmission, cable or telephone. Any such notice given by telephone must be confirmed as soon as possible thereafter by facsimile transmission or cable. Any such notice authorised to be and given by post must be sent by prepaid airmail (first class where appropriate). Every such notice shall contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting and be accompanied by any relevant paper for discussion at such meeting. Unless all the directors (or their alternates) for the time being are present at a meeting no business or resolution shall be transacted or passed at that meeting except as was fairly disclosed in the agenda for such meeting.

- 19.7 Where a meeting has been called in accordance with article 19. 6, but the requirements for a quorum as contained in article 19.8 have not been satisfied, that meeting shall be adjourned to a date not later than 7 working days from the date of adjournment (unless so agreed by a Special Director) at which that meeting shall be quorate notwithstanding the fact that a Special Director may not be in attendance in person or by telephone. All Directors must be notified in accordance with article 19.6 of the time, place and agenda of the adjourned meeting.
- 19.8 The quorum necessary for the transaction of the business of the directors is four, one of whom shall be a Special Director or his alternate except where a meeting is convened in accordance with article 19.7.

**20. SPECIAL PROVISIONS RELATING TO THE DISQUALIFICATION OF DIRECTORS**

By way of addition to any other provisions of these Articles providing for the disqualification of a director, the office of a director is vacated:-

- 20.1 if it would be vacated under paragraphs (a), (b), (c) or (d) of Regulation 81 of Table A in the Companies (Tables A to F) Regulations 1985; or
- 20.2 if the director becomes prohibited from being a director either by reason of an order made under any enactment or by reason of the occurrence of any other

- event in consequence of which he is by virtue of any enactment disqualified from being a director or anything analogous to any of the events specified in article 24.2 occurs under the law of any applicable jurisdiction; or
- 20.3 if the director is the subject of a direction of administrative suspension under the byelaw made under Lloyd's Act 1982 entitled "Administrative Suspension Byelaw (No. 7 of 1987)", as amended from time to time, or the director is found guilty of misconduct under the byelaw made under Lloyd's Act 1982 entitled "Misconduct, Penalties and Sanctions Byelaw (No. 9 of 1993)", as amended from time to time and, in either case, the Council notifies the Company that such director is no longer permitted to be a director by reason of such direction or finding; or
- 20.4 if the director ceases to be an underwriting member, an annual subscriber or an associate without, in the case of an annual subscriber or an associate, thereupon becoming an underwriting member unless such status is not required by Lloyd's on the date of appointment or on the date on which he ceases to be an underwriting member, an annual subscriber or an associate.

## **21 DIRECTORS' POWERS TO DELEGATE**

The powers of the directors are not capable of general delegation otherwise than to a managing director or with the approval of the Council.

## **22 POWERS OF DIRECTORS**

- 22.1 Without prejudice to the powers conferred by regulation 70 of Table A, the directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including directors and other officers) who are or were at any time in the employment or service of the company, or of any undertaking which is or was a subsidiary undertaking of the company or allied to or associated with the company or any such subsidiary undertaking, or of any of the predecessors in business of the company or of any such other undertaking and the spouses, widows, widowers, families and dependants of any such persons, and make payments

to, for or towards the insurance of or provide benefits otherwise for any such persons.

22.2 Without prejudice to the provisions of regulation 70 of Table A and of article 33, the directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time:-

22.2.1 directors, officers, employees of the company or of any other company which is its holding company, or in which the company or such holding company has any interest whether direct or indirect, or which is in any way allied to or associated with the company or such holding company, or of any subsidiary undertaking of the company or of such other company;

22.2.2 trustees of any pension fund in which employees of the company or of any other such company or subsidiary undertaking are interested;  
including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported exercise, execution and/or discharge of their powers or duties and/or otherwise in relation to their duties, powers or offices in relation to the company or any other such company, subsidiary undertaking or pension fund.

## **23 DIRECTORS' INTERESTS**

23.1 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-

23.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested (including any insurance purchased or maintained by the company for him or for his benefit);

23.1.2 may be a director or other officer of or employed by or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested;  
and

- 23.1.3 shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- 23.2 For the purposes of article 23.1:-
- 23.2.1 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- 23.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

## **24 PROCEEDINGS OF DIRECTORS**

- 24.1 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.
- 24.2 A director may, and the secretary at the request of a director shall, call a meeting of the directors.
- 24.3 If there shall be one or more Special Directors there shall not be a quorum at any meeting of the directors unless a Special Director or his alternate shall be present subject to article 19.7.
- 24.4 Questions arising at a meeting shall be decided by a majority of votes.
- 24.5 The directors may elect one of their number to be chairman of the board of directors and may at any time remove him from that office, provided that if there shall be one or more Special Directors, the directors shall elect that one Special Director or, if more than one, one of such Special Directors as chairman.
- 24.6 Subject always to articles 16.4 and 16.6, if there is no director holding the office of chairman, or if the director holding it, having had notice of a meeting,

is not present within thirty minutes after the time appointed for it, the directors present shall appoint one of their number to be chairman of that meeting.

- 24.7 In the case of an equality of votes, the chairman shall have a second or casting vote.
- 24.8 A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 24.9 A meeting of the directors shall, subject to notice thereof having been given in accordance with these articles, for all purposes, be deemed to be held when a director is or directors are in communication by telephone or television (or any other form of audio-visual linking) with another director or directors and all of the directors in communication agree to treat the meeting as so held, if the number of the directors in communication constitutes a quorum of the board in accordance with these articles. A resolution passed by the directors at such a meeting as specified in this article 24.9 shall be as valid as it would have been if passed at an actual meeting duly convened and held.
- 24.10 A resolution in writing executed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may be contained in one document or in several documents in the same terms each executed by one or more directors; but a resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a director who has appointed an alternate director, it need not be executed by the alternate director in that capacity.
- 24.11 A director who is in any way either directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the company:-
- 24.11.1 shall declare the nature of his interest at a meeting of the directors in accordance with section 317 of the Act;

- 24.11.2 subject to such disclosure, shall be entitled to vote in respect of any contract or arrangement in which he is interested and if he shall do so his vote shall be counted and he may be taken into account in ascertaining whether a quorum is present.
- 24.12 A board meeting may take place either by telephone or by letter in accordance with section 381A of the Act.
- 24.13 Any Director who participates in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other Directors present at such meeting (whether in person or by alternate or by means of such type of communication device) to hear at all times such Director and such Director to hear at all times all other Directors present at such meeting) (whether in person or by alternate or by means of such type of communication device) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum.

## **25 ALTERNATE DIRECTORS**

- 25.1 Any director may at any time by writing under his hand and deposited at the office, or delivered at a meeting of the directors, appoint any person (including another director) to be his alternate director and may in like manner at any time terminate such appointment.
- 25.2 The appointment of an alternate director shall determine on the happening of any event which, if he were a director, would cause him to vacate such office or if his appointor ceases to be a director.
- 25.3 An alternate director shall be entitled to receive notices of meetings of the directors and shall be entitled to attend and vote as a director at any such meeting at which the director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these articles shall apply as if he (instead of his appointor) were a director.



- 25.4 If an alternate director shall be himself a director or shall attend any such meeting as an alternate for more than one director his voting rights shall be cumulative.
- 25.5 If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability, the execution by an alternate director of any resolution in writing of the directors shall be as effective as the execution by his appointor.
- 25.6 To such extent as the directors may from time to time determine in relation to any committees of the directors, the foregoing provisions of this article 25 shall also apply mutatis mutandis to any meeting of such committee of which the appointor of an alternate director is a member.
- 25.7 An alternate director shall not (save as provided in this article 25) have power to act as a director nor shall he be deemed to be a director for the purposes of these articles, but he shall be an officer of the company and shall not be deemed to be the agent of the director appointing him.
- 25.8 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if he were a director, but he shall not be entitled to receive from the company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the company from time to time direct.

## **26 EXECUTION OF DOCUMENTS**

Where the Act so permits, any instrument signed by one director and the secretary or by two directors and expressed to be executed by the company as a deed shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the directors or of a committee authorised by the directors in that behalf.

## **27 DIVIDENDS**

The directors may deduct from any dividend payable on or in respect of a share all sums of money presently payable by the holder to the company on any account whatsoever.

## **28**      **NOTICES**

- 28.1      A notice may be given by the company to any member in writing either by hand or by sending it by pre-paid first class post or facsimile telecopier ("**fax**") to his registered address or to his fax number supplied by him to the company for the giving of notice to him. In the absence of such address or fax number the member shall not be entitled to receive from the company notice of any meeting.
- 28.2      In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
- 28.3      Notices shall be deemed to have been received:-
- 28.3.1      if delivered by hand, on the day of delivery;
- 28.3.2      if sent by first class post two business days after posting exclusive of the day of posting;
- 28.3.3      if sent by fax at the time of transmission or, if the time of transmission is not during the addressee's normal business hours, at 9.30 a.m. on the next business day.

## **29**      **INDEMNITY**

Subject to the provisions of and so far as may be permitted by the Act, every director, secretary or other officer of the company shall be entitled to be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred or sustained by him in the execution and discharge of his duties or otherwise in relation thereto. Regulation 118 of Table A shall be extended accordingly.