

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY GUARANTEE**

**THE NATIONAL ASSOCIATION OF COMMERCIAL  
FINANCE BROKERS (THE "COMPANY")**

**COMPANY NUMBER: 03305378**

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**ARTICLES OF ASSOCIATION**

**(adopted on 15th December 2022)**

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**SHOOSMITHS**

100 Avebury Boulevard  
Milton Keynes  
MK9 1FH

Ref: M-00986794

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COMPANIES HOUSE

**COMPANY NUMBER: 03305378**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY GUARANTEE**

**THE NATIONAL ASSOCIATION OF COMMERCIAL FINANCE BROKERS (THE "COMPANY")**

(adopted by special resolution passed on 15th December.2022

**INTERPRETATION, OBJECTS AND LIMITATION OF LIABILITY**

**1. INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires:

<b>"Act"</b>	means the Companies Act 2006;
<b>"Appointor"</b>	has the meaning given in Article 19(1);
<b>"Articles"</b>	means the Company's articles of association for the time being in force;
<b>"Associate Member"</b>	means a Member who is registered as an Associate Member in accordance with the provisions of Article 25.1(b) and Article 26;
<b>"Associate Patron"</b>	means persons who provide services which are complementary to the commercial finance industry (other than funding) and who are registered by the Company as Associate Patrons;
<b>"bankruptcy"</b>	includes insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
<b>"Board"</b>	means the board of Directors of the Company from time to time;
<b>"Board of Governance Committee"</b>	means the board of governance committee established by the Board and having the responsibilities set out in the terms of reference issued by the Board from time to time;
<b>"Business Day"</b>	means any day (other than a Saturday, Sunday or public holiday in England) when banks in London are open for business;
<b>"Code of Practice"</b>	the code of practice of the Company as issued and amended by the Board from time to time;
<b>"Conflict"</b>	means a situation in which a director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company;
<b>"director"</b>	means a director of the Company and includes any person occupying the position of director, by whatever name called;
<b>"document"</b>	includes, unless otherwise specified, any document sent or supplied in electronic form;
<b>"electronic form"</b>	has the meaning given in section 1168 of the Act;

<b>"Eligible Director"</b>	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding in relation to the authorisation of a Conflict pursuant to Article 17, any director whose vote is not to be counted in respect of the particular matter);
<b>"Firm"</b>	means a partnership or sole trader;
<b>"Full Member"</b>	means a Member who: <ul style="list-style-type: none"> <li>(i) satisfies the criteria stated in Article 26;</li> <li>(ii) undertakes to contribute to the Company's assets on a winding up, in accordance with Article 6; and</li> <li>(iii) pays the Subscription as determined each year by the Board, in accordance with Article 27;</li> </ul>
<b>"Interested Director"</b>	has the meaning given in Article 17.1;
<b>"Member"</b>	means a Full Member or Associate Member whose name is entered in the Register of Members of the Company and <b>"Membership"</b> shall be construed accordingly;
<b>"Member Directors"</b>	means those directors appointed from time to time in accordance with Article 14;
<b>"Minimum Standard"</b>	demonstration of a Members adherence to the Code of Practice, Membership and regulatory requirements, which shall include sample file checking of a Member's client records and ensure the Member is conforming to their own internal policy and procedures;
<b>"Model Articles"</b>	means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and reference to a numbered <b>"Model Article"</b> is a reference to that article of the Model Articles;
<b>"Nominations Committee"</b>	means the nominations committee established by the Board and having the responsibilities set out in the terms of reference issued by the Board from time to time;
<b>"ordinary resolution"</b>	has the meaning given in section 282 of the Act;
<b>"participate"</b>	in relation to a director's meeting, has the meaning given in Model Article 10;
<b>"Patron"</b>	means a Limited Company or Firm of appropriate financial standing and reputation approved by the Board to be a Patron under Article 25.2;
<b>"proxy notice"</b>	has the meaning given in Model Article 31;
<b>"Remuneration Committee"</b>	means the remuneration committee established by the Board and having the responsibilities set out in the terms of reference issued by the Board from time to time;
<b>"secretary"</b>	means the secretary of the Company and any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
<b>"special resolution"</b>	has the meaning given in section 283 of the Act;

**“subsidiary”**

has the meaning given in section 1159 of the Act; and

**“writing”**

means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an **article** is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision shall include any subordinate legislation from time to time made under that statute or statutory provision.
- 1.6 Any word following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.8 The following Model Articles shall not apply to the Company:
  - (a) 1 (Defined terms);
  - (b) 2 (Liability of Members);
  - (c) 8 (Unanimous decisions);
  - (d) 9(1) and (3) (Calling a directors' meeting);
  - (e) 11(2) and (3) (Quorum for directors' meeting);
  - (f) 13 (Casting vote);
  - (g) 14 (1), (2), (3) and (4) (Conflicts of interest);
  - (h) 17(2) (Methods of appointing directors);
  - (i) 21 (Applications for membership);
  - (j) 22 (Termination of membership);
  - (k) 30(2) (Poll votes);
  - (l) 31(1)(d) (Content of proxy notices);
  - (m) 35 (Company seals);
  - (n) 38 (Indemnity);
  - (o) 39 (Insurance).
- 1.9 Model Article 3 (Directors' general authority) shall be amended by the insertion of the words "in accordance with its objects" after the words "the management of the Company's business".

- 1.10 Model Article 7 (Directors to take decisions collectively) shall be amended by:
- (a) the insertion of the words "for the time being" at the end of Model Article 7(2)(a); and
  - (b) the insertion in Model Article 7(2) of the words "(for so long as they remain the sole director)" after the words "and the director may".
- 1.11 Model Article 20 shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".

## **2. OBJECTS**

- 2.1 The objects for which the Company is established are to:

- (a) promote, protect, encourage and co-ordinate the professional interests of persons primarily engaged in the business of acting as commercial finance brokers and intermediaries in the British Isles;
- (b) provide and maintain a Code of Practice representing best professional standards of persons engaged in the above-mentioned business to be observed by Members of the Company;
- (c) strive for recognition by Government, lenders, other professionals and members of the public of the professionalism and integrity of Members of the Company;
- (d) represent the interests of Members to persons or bodies regulating, influencing or affecting their affairs including Government, other trade associations or media or consumer groups or persons, companies or bodies which provide products or services which commercial finance brokers arrange or advise upon;
- (e) engage in discussions with lenders and representative organisations to secure advantageous trading terms or other benefits for Members and to clients of Members;
- (f) monitor any Bill, Act of Parliament, EC Directive, Regulation or Order relevant to commercial lending or finance broking or related areas and to make submission to the requisite authorities in respect of any such material;
- (g) arrange for information to be made available to the general public by way of books, pamphlets, posters, letters, advertisements or through the media or otherwise, about the activities and functions of commercial finance brokers;
- (h) encourage professional and social interaction between Members;
- (i) co-operate with and to establish working relationships with any kindred associations or organisations;
- (j) assist Members in meeting the educational and continuing professional development requirements of their personnel with the object of ensuring that Members of the Company provide qualified personnel who undertake business to the highest professional standards; and
- (k) provide a means of settling disputes or questions between Members of the Company, or between Members of the Company and third parties.

- 2.2 None of the objects set forth in any of this Article 2 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 Article, or by reference to or inference from the name of the Company.

- 2.3 None of the sub-clauses of this Article 2 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.

### **3. POWERS**

- 3.1 In pursuance of the objects set out in Article 2, the Company has the power to:

- (a) buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company;
- (b) borrow and raise money in such manner as the directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the Company's property and assets;
- (c) invest and deal with the funds of the Company not immediately required for its operations in or upon such investments, securities or property as may be thought fit;
- (d) subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- (e) lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the Company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
- (f) lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the directors, affect or advance the principal objects in any way;
- (g) pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same;
- (h) enter into contracts to provide services to or on behalf of other bodies;
- (i) provide and assist in the provision of money, materials or other help;
- (j) open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- (k) acquire all or any part of the property, shares, assets or liabilities of any person, firm, association, society or corporation in any part of the world, whose objects are in general similar to the objects of the Company or which are capable of being conducted so as to directly or indirectly benefit the Company, including without limitation, the assets held by the trustees of the unincorporated association known as the "National Association of Commercial Finance Brokers";
- (l) form any subsidiary company or other organisation which would be to the benefit or interest of the Members and to participate in any joint venture or other union of interests of mutual benefit;

- (m) establish, support and subscribe to any charitable organisation which may be for the benefit of commercial finance brokers, and to subscribe or guarantee money for any charitable, benevolent, educational or social object or for any other useful object which the Board may think desirable and advantageous to the Company or its Members, and to undertake, accept, execute and administer any charitable trusts;
- (n) hold, apply for, take out, purchase or otherwise acquire and maintain intellectual property rights of all kinds including without limitation know-how, expertise rights in trade secrets and confidential information, patents, registered designs, trademarks, copyrights, design rights, and to take or grant licences to use in any manner any such intellectual property or otherwise turn it to account for the benefit of the Company; and
- (o) do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the objects set out in Article 2.

#### **4. INCOME**

4.1 The income and property of the Company from wherever derived shall be applied solely in promoting the Company's objects.

4.2 No distribution shall be paid or capital otherwise returned to the Members in cash or otherwise. Nothing in these Articles shall prevent any payment in good faith by the Company of:

- (a) reasonable and proper remuneration to any Member, officer or servant of the Company for any services rendered to the Company;
- (b) any interest on money lent by any Member or any director at a reasonable and proper rate;
- (c) reasonable and proper rent for premises demised or let by any Member or director;  
or
- (d) reasonable out-of-pocket expenses properly incurred by any director.

#### **5. WINDING UP**

On the winding-up or dissolution of the Company, after provision has been made for all its debts and liabilities, any assets or property that remains available to be distributed or paid, shall not be paid or distributed to the Members (except to a Member that qualifies under this Article) but shall be transferred to another body (charitable or otherwise) with objects similar to those of the Company. Such body to be determined by resolution of the Members at or before the time of winding up or dissolution and, subject to any such resolution of the Members, may be made by resolution of the directors at or before the time of winding up or dissolution.

#### **6. GUARANTEE**

The liability of each Member is limited to £5, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while they are a Member or within one year after they cease to be a Member, for

- (a) payment of the Company's debts and liabilities contracted before they cease to be a Member,
- (b) payment of the costs, charges and expenses of the winding up, and
- (c) adjustment of the rights of the contributories among themselves.

#### **DIRECTORS**

## **7. UNANIMOUS DECISIONS**

- 7.1 A decision of the directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 7.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

## **8. CALLING A BOARD MEETING**

- 8.1 The Chairperson, the Chief Executive Officer, the Managing Director or three directors of the Board acting together, may call a meeting of the Board by giving notice of the meeting to the directors or by authorising the secretary (if any) to give such notice.
- 8.2 Notice of any Board meeting must indicate:
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 8.3 A director who is absent from the UK and who has no registered address in the UK shall not be entitled to notice of the Board meeting.

## **9. QUORUM FOR BOARD MEETINGS**

- 9.1 Subject to Article 9.2, the quorum for the transaction of business at a Board meeting is:
- (a) a majority of all Eligible Directors appointed as directors of the Company at the time of the meeting; and
  - (b) a majority of those directors in attendance must be Member Directors.
- 9.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 17, to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 9.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- (a) to appoint further directors; or
  - (b) to call a general meeting so as to enable the Full Members to appoint further directors.

## **10. CHAIRPERSON / VICE CHAIRPERSON**

- 10.1 The Company shall have a Chairperson (who may also be known as the "President") and Vice Chairperson (who may be known as the "Deputy President"), who shall be nominated by the Board at the first Board meeting to be called following the earlier of:



- (a) the expiry of the period in which the Chairperson or Vice Chairperson (as applicable) may hold the relevant position in accordance with Article 10.2; or
- (b) the date the Chairperson or Vice Chairperson (as applicable) resigns their position (by notice in writing) or ceases to be Board member; or
- (c) is removed as Chairperson or Vice Chairperson (as applicable) in accordance with Article 10.3,

and following such nomination, shall be elected by a decision of the Board.

The Chairperson or Vice Chairperson cannot be employees of the Company and the Chairperson must have at least three years continuous service on the Board at the time of nomination.

- 10.2 The Chairperson or Vice Chairperson shall on election hold office for an initial period of three years, which may be extended by the Board,
- 10.3 The Chairperson or Vice Chairperson must be appointed on a staggered term, with a minimum of six months between each appointment.
- 10.4 The Chairperson or Vice Chairperson may be removed from office by the directors at a Board meeting, provided the removal is agreed to by at least two thirds of the Eligible Directors in attendance at that meeting.
- 10.6 If at any Board meeting, the Chairperson is not present within thirty minutes of the time appointed for commencement of the meeting (or there is no elected Chairperson), the role of Chairperson will be undertaken by the Vice Chairperson. If the Vice Chairperson is also absent (or there is no elected Vice Chairperson), then those directors present may elect one of their number to be Chairperson of the meeting.
- 10.7 Subject to the restrictions in Article 12.1(b) not being exceeded as a result, the Chairperson may, at any time and from time to time, appoint one person to be a Director and/or remove such Director from office.
- 10.8 The Chairperson shall be entitled from time to time by notice to the Company in writing, to appoint one observer (to be designated as an "**Observer**"), to remove the Observer and to appoint, another person in their place by notice to the Company in writing which shall take effect immediately upon receipt of the notice by the Company. Such Observer shall:
  - (a) have the right to receive the same notices and documentation for meetings as is given to the directors, attend any meetings of the directors and of any committee thereof and shall be entitled to speak at those meetings but shall not be entitled to vote, shall not be counted in the quorum of any such meeting and shall not be, or be regarded as, an officer of the Company;
  - (b) be bound by the same duties of confidentiality as apply to the directors (and any Observer will be required to execute any confidentiality undertaking as may reasonably be requested by the Board); and
  - (c) not be entitled to any fees, but shall be entitled to reimbursement of his reasonable expenses for travel and other costs incurred in attending such meeting.

## 11. CASTING VOTE

If the numbers of votes for and against a proposal at a Board meeting are equal and the Chairperson or other director chairing the Board meeting is considered a Member Director, they shall have a casting vote (except in relation to the appointment of a Chairperson).

## **12. NUMBER OF DIRECTORS**

12.1 Unless otherwise determined by ordinary resolution, the number of directors shall be subject to a minimum of seven and a maximum of fourteen, of which:

- (a) up to eight shall be Member Directors; and
- (b) up to six shall be non-member directors ("**Non-Member Directors**"), consisting of:
  - (i) a maximum of two representatives of Patrons;
  - (ii) a maximum of two external professionals; and
  - (iii) a maximum of two executive directors, who shall act as Chief Executive Officer and Managing Director.

12.2 Subject to the restrictions in Article 12.1, the Chairperson shall have discretion as to the size of the Board.

12.3 In the event that the Chairperson is a Registered Individual, an Associate Member or an authorised representative of a Full Member, the Chairperson shall count as one of the eight Member Directors, otherwise they shall be a Non-Member Director.

## **13. APPOINTMENT OF NON-MEMBER DIRECTORS**

Potential Non-Member Directors shall be assessed by the Nominations Committee which shall then make its recommendations to the Board, who will have the absolute discretion to appoint Non-Member Directors by a decision of the Board. The Non-Member Directors shall hold office for such term as the Board shall decide and the Board shall review all such appointments annually.

## **14. APPOINTMENT OF MEMBER DIRECTORS**

14.1 The Board shall at their discretion provide the Members with notice of any Member Director Board vacancies, or an upcoming Member Director's term expiry (the "**Vacancies**") and invite such Members to nominate an Eligible Candidate for election as a Member Director. Such nomination must be made in writing by two Members and be received by the deadline stipulated by the Board in the notice.

14.2 An "**Eligible Candidate**" shall be a Full Member having been registered with the Company for at least the previous two successive financial years and are fully up to date with their Subscription payments.

14.3 Each Member can only have one representative on the Board. A person shall not be eligible for appointment as a Member Director if that person is considered (by the Board) to be a representative of a group or otherwise connected to that group whereby they hold a controlling interest by way of directorship or shares in excess of 20% and there is a Member Director already appointed to the Board who represents or is connected to the same group.

14.3 Should the number of nominations received be equal to or less than the number of Vacancies, those Eligible Candidates nominated shall be appointed by the Board as Member Directors at the next meeting of the Board, subject to a vetting process to assess the skills and experience

of the proposed candidate. Any outstanding Vacancies can be filled by the Board from any written nominations of Eligible Candidates received from two Members.

- 14.4 Should the number of nominations received be in excess of the Vacancies, an election shall be held by secret ballot conducted by two scrutineers appointed by the Chairperson (and who shall not be candidates in the election), either at a general meeting or by the Full Members voting by electronic means. Each Full Member may vote for up to as many Eligible Candidates as there are Vacancies and to be elected an Eligible Candidate shall require more votes than his nearest competitor. In the event of there being an equality of votes between Eligible Candidates for a single remaining vacancy, the Chairperson shall have the casting vote. Those Eligible Candidates who are successful in the election process, shall be appointed by the Board as Member Directors at the next meeting of the Board.

## **15. TERM OF OFFICE FOR MEMBER DIRECTORS**

- 15.1 Any Member Director elected by way of the process outlined in Article 14 shall be appointed for an initial term of twelve months (the "**Initial Period**"). Upon expiry of the Initial Period, the Chairperson, in their absolute discretion, may agree to extend the period of appointment of the Member Director by either one or two further years (the "**Extended Period**").
- 15.2 Upon expiry of the Extended Period, the Board may recommend that such Member Director be re-elected as a Member Director for a further period of up to three years, such re-election to be approved by a decision of the Members.
- 15.3 The maximum term of office of a Member Director shall be nine years unless extended by the Board.

## **16. REMOVAL OF A DIRECTOR**

- 16.1 In addition to the provisions found within Model Article 18, a person shall cease to be a director;
- (a) in the case of a Non-Member Director, when removed from office by a resolution of the Board approved by three quarters of those attending and voting at a meeting of the Board specially convened for the purpose and at which the Non-Member Director in question has been given reasonable opportunity of speaking on his behalf. The Non-Member Director in question shall not be entitled to vote on such resolution; and
  - (b) when removed from office by a resolution of the Board, where any director:
    - (i) fails, without reasonable excuse, to attend Board meetings in accordance with the Board's standing instructions as prescribed from time to time over any 12-month period; and/or
    - (ii) fails to perform in accordance with their contract and role profile and such removal is recommended by the Board of Governance Committee.

## **17. DIRECTORS' CONFLICTS OF INTEREST**

- 17.1 The directors may, in accordance with the requirements set out in this Article, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an "**Interested Director**") breaching his duty to avoid conflicts of interest under section 175 of the Act.
- 17.2 Any authorisation under this Article 17 shall be effective only if:

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
  - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 17.3 Any authorisation of a Conflict under this Article 17 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
  - (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, they shall not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
  - (f) permit the Interested Director to absent themselves from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 17.4 Where the directors authorise a Conflict, the Interested Director shall be obliged to conduct themselves in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 17.5 The directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 17.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which they derive from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 17.7 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act, and provided they have declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which they are interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which they are interested;
- (d) may act by themselves or their firm in a professional capacity for the Company (otherwise than as auditor) and they or their firm shall be entitled to remuneration for professional services as if they were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as they may otherwise agree, be accountable to the Company for any benefit which they (or a person connected with them (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

#### **18. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

#### **19-21. LEFT INTENTIONALLY BLANK**

#### **22. DIRECTORS' REMUNERATION**

- 22.1 Member Directors may undertake any services for the Company that the Board may decide. The Member Directors remuneration is set and reviewed on an annual basis by the Remuneration Committee.

The Remuneration Committee may consist of the Executive, Independent Board Directors and members but will exclude any Member board directors.

- 22.2 Member Directors are entitled to such remuneration as the Remuneration Committee may determine:

- (a) for their services to the Company as directors; and
- (b) for any other service which they undertake for the Company.

- 22.3 Subject to these articles, a director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

22.4 Unless the Board decide otherwise, directors' remuneration accrues from day to day.

## **23. SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **24. CHANGE OF COMPANY NAME**

24.1 The name of the Company may be changed by:

- (a) a decision of the directors; or
- (b) a special resolution of the Members,

or otherwise in accordance with the Act.

## **MEMBERS**

### **25. MEMBERS AND PATRONS**

25.1 Such persons who are admitted to membership in accordance with these Articles shall be the Members of the Company and no persons shall be admitted as Members unless they are:

- (a) Members, being limited companies and Firms who on their membership application forms declare that their principal trading activity consists of acting as intermediaries between business customers and sources of finance for the purposes of commercial finance transactions, or such similar activities as may be determined from time to time by the Board, provided that where Company accepts in good faith a Member who has made a declaration in the terms set out above but it comes to the notice of the Board that the Member is ineligible, then the Board shall be at liberty to apply the provisions of these Articles to such Member with a view to expulsion; or
- (b) Associate Members, being either individuals, or individuals representing Firms or limited companies, who register with the Company and thereupon sign an undertaking in the form prescribed by the Board from time to time to abide by the Code of Practice of the Company issued from time to time (including its disciplinary procedures) and who comply with such other directions and pay such Subscriptions.

25.2 A Limited Company or Firm of appropriate financial standing, who undertakes to support and promote the Company's Code of Practice may apply for registration as a Patron. The Board shall register Patrons (who may include Associate Patrons) on such terms as the Board may prescribe from time to time and at the Board's absolute discretion (in the event of declinature, the Board need not give any reasons).

25.3 Associate Members, Patrons or Associate Patrons shall not be entitled to vote at General Meetings or on a Members resolution, nor shall Patrons or Associate Patrons be required to contribute to the Company's assets on a winding up, pursuant to Article 6. The Secretary shall keep and maintain a Register of Patrons and Associate Patrons with the Statutory Books of the Company.

### **26. APPLICATION FOR MEMBERSHIP**

- 26.1 The Company shall admit to Membership an individual or organisation which:
- (a) applies to the Company to be admitted as Full Member or Associate Member, using the written application process approved by the directors from time to time, which shall include a requirement to provide details of:
    - (i) the individual who is the Managing Director or Principal of the limited company or Firm, and
    - (ii) one or more individuals (unless designated under (21.1(a)) who conduct commercial finance activities on behalf of the applicant and in respect of whom the applicant wishes to maintain registered representative status (a **"Registered Individual"**). Every Member must maintain at least one Registered Individual registered with the Company throughout its Membership and shall notify the Board, at least annually, of any change of Registered Individuals, on or before any Annual Renewal;
  - (b) is approved by the directors, following a Minimum Standard review; and
  - (c) has paid the relevant Subscriptions in accordance with Article 27.
- 26.2 The details of each successful applicant shall be entered into the Register of Members. Each Member shall thereafter be subject to an annual renewal process, approved by the directors from time to time and to include a Minimum Standard review, on each successive anniversary of their admission (the **"Annual Renewal"**).
- 26.3 Membership may be declined either on first application or on Annual Renewal, by the Board in its absolute discretion and acting in the best interests of the Company, after due and proper enquiries are made, which may include the circulation of the application to the Company's Members. In the case of declining the first application, the Board need not assign any reasons.
- 26.4 On Annual Renewal, the Board shall be entitled to treat as a new applicant, any existing Member whose individual names submitted for registration under Article 26.1(ii), have previously been either unregistered or have not maintained separate Associate Member status.

## **27. EXPULSION OF MEMBER**

- 27.1 The directors may terminate the Membership of any Member or registration of any Patron without their consent, by giving the Member and/or Patron written notice if, in the reasonable opinion of the directors, the Member and/or Patron:
- (a) is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the Members and directors into disrepute; or
  - (b) has acted or has threatened to act in a manner which is contrary to the interests of the Company as a whole; or
  - (c) has failed to observe the terms of these Articles and/or the Code of Practice; or
  - (d) fails to pay the relevant Subscription within two months of the date upon which it falls due.

Following such termination, the Member shall be removed from the Register of Members and/or the Patron shall be removed from the Register of Patrons and Associate Patrons.

- 27.2 The notice to a Member and/or Patron under Article 29.1 must give them the opportunity to be heard in writing or in person as to why the Membership and/or registration should not be terminated. The directors must consider any representations made by the Member and/or

Patron and inform them of their decision following such consideration. There shall be no right to appeal from a decision of the directors to terminate the Membership of a Member and/or registration of a Patron.

- 27.3 A Member whose Membership and/or Patron whose registration is terminated under this Article 29 shall not be entitled to a refund of any Subscription.

## **28. COMPLAINTS AND DISCIPLINE**

- 28.1 The Board shall have exclusive powers (such powers to be incorporated in the Company's prevailing Code of Practice) on behalf of its Members:

- (a) to receive and hear complaints about a Member's conduct;
- (b) to institute and carry through disciplinary proceedings against a Member;
- (c) to reprimand, suspend or expel a Member; and
- (d) to convene such committees as it considers necessary in order effectively to hear complaints and disciplinary proceedings including subsequent appeals and, if appropriate, arbitration by an external assessor.

## **DECISION MAKING BY MEMBERS**

### **29. GENERAL MEETINGS**

- 29.1 The Board shall convene at least one general meeting in each calendar year, in order to (where relevant):

- (a) consider and approve the profit and loss accounts and balance sheet and the reports of the Board and the Auditors for the last completed financial year of the Company;
- (b) receive other reports from the Board;
- (c) receive the budget for the forthcoming financial year of the Company and to Approve the proposed subscriptions for the year, as proposed by the Board;
- (d) vote on the election of any Member Directors to be appointed to the Board;
- (e) appoint / replace any Auditors; and
- (f) consider such other business as it may determine necessary or expedient.

- 29.2 A quorum of Members is not required for a general meeting to convene. To approve resolutions set at the general meeting, not less than 10 per cent of the total Membership Members votes (whether acting by a duly authorised representative or proxy) who are entitled to vote must be received and counted.

### **30. VOTES OF MEMBERS**

- 30.1 Subject to the Act and Article 32.2, at any general meeting:

- (a) every Full Member whose duly authorised representative is present in person or by electronic means (or by proxy) shall on a show of hands have one vote; and
- (b) every Full Member whose duly authorised representative is present in person or by electronic means (or by proxy) shall on a poll have one vote.



30.2 In the event a Full Member has failed to pay any relevant Subscription on or before the date upon which it fell due, and such failure has not been remedied at the date of any general meeting, that Full Member shall not be entitled to vote at the general meeting or on a written resolution.

30.3 In accordance with the Act, a resolution in writing executed by or on behalf of the requisite majority of Full Members who would have been entitled to vote upon it if it had been proposed at a general meeting shall be as effectual as if it had been passed at a general meeting duly convened.

### **31. POLL VOTES**

31.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318(3) of the Act) present (in person or by electronic means) and entitled to vote at the meeting.

31.2 Model Article 30(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

### **32. PROXIES**

32.1 Model Article 31(1)(d) shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".

32.2 Model Article 31(1) shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

### **33. ANNOUNCEMENTS**

No Member shall make any public announcement concerning the Company without the consent of the Chair, or in their absence some other duly authorised member of the Board, but nothing herein shall be deemed to prevent or restrict any normal media publicity for genuine Company projects or events.

## **ADMINISTRATIVE ARRANGEMENTS**

### **34. MEANS OF COMMUNICATION TO BE USED**

34.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

- 34.2 *In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.*
- 34.3 The Company believes that virtual and/or hybrid meetings will allow for greater Member and stakeholder engagement, therefore the Board (in their absolute discretion) may determine that a virtual or hybrid meeting is the most appropriate form of meeting in any circumstances, the Board will seek to comply with best practice in order to ensure that meetings fulfil their purpose of facilitating Member engagement.

## **35. COMMITTEES**

- 35.1 The Board may constitute committees for particular purposes and on such terms as it thinks fit from time to time, which shall include the Board of Governance Committee, Remuneration Committee and the Nominations Committee.
- 35.2 The Board will approve the membership of such committees, membership may consist of directors of the Board, Members and/or other persons who have a specific expertise in the particular work of the committees save for the Remuneration Committee where a Member Director is unable to participate..
- 35.3 The Board may delegate any of its powers to the committees and any committee so formed shall, in the exercise of the powers delegated, conform to any regulations that may be imposed upon it by the Board.

## **36. INDEMNITY AND INSURANCE**

- 36.1 Subject to Article 38.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
  - (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by them as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them, including any liability incurred by them in defending any civil or criminal proceedings, in which judgment is given in his favour or in which they are acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants them, in their capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and
  - (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by them in connection with any proceedings or application

referred to in Article 38.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

- 36.2 This Article 38 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Act or by any other provision of law and any such indemnity is limited accordingly.
- 36.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.
- 36.4 In this article:
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
  - (b) a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
  - (c) a relevant officer means any director or other officer or former director or other officer of the Company.