

Company Number: 3937013

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS
OF
TSM AGENCIES LIMITED
(the "Company")

Pursuant to Sections 282, 283 and 288 Companies Act 2006 the following Resolutions were duly passed on 25 November 2009:

SPECIAL RESOLUTIONS


1. **THAT** the Company's authorised share capital be amended so that it is as follows:

£3,000 made up of 40,000 X Shares of £0.05 each, 19,997 Y Shares of £0.05 each, 1 Preference Share and 2 Z Shares of £0.05 each.
2. **THAT**, the Company's Articles of Association be amended by deleting the current wording in Article 3.1 and in its place inserting as Article 3.1 the following new Article:

"3.1 The authorised share capital of the Company is £3,000 divided into:
(a) 1 Preference Share;
(b) 40,000 X Shares and 19,997 Y Shares; and
(c) 2 Z Shares."

ORDINARY RESOLUTION

1. **THAT**, the Directors be and they are hereby generally and unconditionally authorised, pursuant to section 551 Companies Act 2006, to exercise all the powers of the Company to allot shares up to an aggregate nominal amount of £995.15 provided that such authority shall expire on the fifth anniversary of the date on which this resolution is passed save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted after such expiry and accordingly the Directors may allot shares pursuant to any such offer or agreement as if such authority had not expired.


Director

MONDAY



Company No. 3937013

THE COMPANIES ACTS 1985 TO 2006
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
TSM AGENCIES LIMITED

(adopted by a special resolution of the Company dated 25 November 2009)

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Company No. 3937013

THE COMPANIES ACTS 1985 TO 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
TSM AGENCIES LIMITED

1. DEFINITIONS AND INTERPRETATION

- 1.1. In these Articles the expression "Table A" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985, the Companies Act 1985 (Electronic Communications) Order 2000, the Companies (Tables A to F) (Amendment) Regulations 2007 and the Companies (Tables A to F) (Amendment) (No. 2) Regulations 2007.
- 1.2. In these Articles, the following words have the following meanings:

Accepting Shareholder has the meaning given in Article 15.5;

Accepted Shares has the meaning given in Article 15.5;

Acting in Concert has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

Agenda has the meaning given in Article 27.1;

Allocation Notice has the meaning given in Article 16.9;

Applicant has the meaning given in Article 16.9;

Asset Sale means the disposal by the Company of all, or a substantial part of, its business, undertaking and/or assets;

Associate shall have the meaning given in Section 435 of the Insolvency Act 1986;

Authority Matrix means any document adopted by the Board called an authority matrix and setting out authority levels of various employees and/or directors of the Company in relation to specified transactions and/or actions;

Available Profits means the profits available for distribution within the meaning of Section 830 of the 2006 Act;

Bad Leaver means an individual who ceases (for whatever reason) to be an employee of a Group Company where he is not a Neutral Leaver, Good Leaver or a Very Good Leaver;

Bad Leaver Price means £0.05 per Y Share;

Board means the board of directors of the Company from time to time;

Business Day means a day (other than a public holiday in England, a Saturday or Sunday) when banks in London are open for general Sterling banking business;

Business Plan means the three year business plan prepared in respect of the Group each year and the business plan prepared in respect of the Syndicate for each Year of Account;

Buyer has the meaning given in Article 15.1;

Called Shareholders has the meaning given in Article 14.1;

Called Shares has the meaning given in Article 14.2;

Capital Resources Requirement has the meaning given to those words in MIPRU 4 of the Handbook of Rules and Guidance published by the Financial Services Authority or such other section of the Handbook of Rules and Guidance published by the Financial Services Authority as sets out the minimum capital resources requirement applicable to the Company from time to time;

Circulation Date has the meaning given in section 290 of the 2006 Act;

Committees means the following committees of the Board, appointed by the Board according to such Committee's terms of reference from time to time from the Board: the Investment Committee, the Audit Committee, the Remuneration Committee, the Underwriting, Reinsurance and Claims Committee and the Risk/Compliance Committee (each a **Committee**);

Company means TSM Agencies Limited;

Companies Acts means the provisions of the 1985 Act and the 2006 Act in each case as amended and in force prior to adoption of these Articles;

Completion Date has the meaning given in Article 14.4;

Continuing Shareholders has the meaning given in Article 16.8;

Controlling Interest means an interest in shares giving to the holder or holders control of the Company within the meaning of section 840 of the Income and Corporation Taxes Act 1988;

Consideration has the meaning given in Article 16.9;

Deemed Transfer Notice means a Transfer Notice that is deemed have been served pursuant to these Articles;

Delivery Date has the meaning given in Articles 10.7, 14.5 and 15.7;

Drag Along Notice has the meaning given in Article 14.2;

Drag Along Option has the meaning given in Article 14.1;

Drag Majority has the meaning given in Article 14.1;

Due Date has the meaning given in Article 29.2;

Exit means a Share Sale, an Asset Sale or a Listing;

Expert means an independent firm of accountants appointed by the X Shareholder and the Y Shareholder or, in the absence of agreement between them within seven Business Days notice from one to the other, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales;

Fair Value shall have the meaning given in Article 12;

Financial Year means:

- (a) in respect of 2009, the period between 1 April 2009 and 31 December 2009 (inclusive);
- (b) for each year after 2009, the 12 month period ending on and including 31 December;

GBP, Sterling and £ means the lawful currency of the United Kingdom;

Good Leaver means an individual who ceases to be an employee of a Group Company as a result of resignation taking effect between (both dates inclusive) 1 January 2013 and 31 December 2014;

Good Leaver Price means 70% of Fair Value per Y Share;

Group means the Company and its Subsidiaries and Subsidiary Undertakings from time to time;

Group Company means any company in the Group;

Initial Period means the period from the date of the adoption of these Articles until 31 December 2012 (inclusive);

Leaver means an individual who is a Bad Leaver, a Neutral Leaver, a Good Leaver or a Very Good Leaver (as appropriate);

Leaver Committee has the meaning given in Article 10.3;

Leaver Determination has the meaning given in Article 10.3;

Leaver Notice has the meaning given in Article 10.1;

Leaver Shares means the number of Y Shares that the Y Shareholder determines for the purposes of this definition for each of the following individuals:

- (a) Neil Graham Fitzgerald;
- (b) Robert Michael Gadsden; and
- (c) Timothy Marlow;

Leaver Transfer Date has the meaning given in Article 10.6;

Listing means the successful admission and listing of all or any of the shares in the capital of the Company, or securities representing such shares to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000 (as amended));

Managing Agent means an underwriting agent authorised by the FSA and Lloyd's with permission to manage a syndicate at Lloyd's;

Management Person means any of Neil Graham Fitzgerald, Robert Michael Gadsden or Timothy Marlow;

Net Assets means:

- (a) the amount which the Company has drawn down under any Subordinated Loan;
- and

(b) the amount of the Company's shareholder funds;

Neutral Leaver means an individual who ceases (for whatever reason) to be an employee of a Group Company and is classified as a neutral leaver by the X Shareholder in accordance with Article 10.2;

Neutral Leaver Price means 80% of Fair Value per Y Share;

Offer has the meaning given in Article 15.2;

Offer Notice has the meaning given in Article 15.3;

Offer Notice Date has the meaning given in Article 15.3;

Offer Period has the meaning given in Article 16.8;

Offer Shares has the meaning given in Article 15.3;

Ordinary Shares means the X Shares and the Y Shares, each an **Ordinary Share**;

Parent Undertaking has the meaning given to the expression "parent undertaking" in the 2006 Act;

Permitted Group means in relation to a company (wherever incorporated) any Subsidiary of that company, any company of which it is a Subsidiary (its holding company) and any other Subsidiaries of any such holding company; and each company in a Permitted Group is a member of the Permitted Group. Unless the context otherwise requires, the application of the definition of Permitted Group to any company at any time will apply to the company as it is at the time the definition is being applied;

Permitted Transferee means (i) in relation to an X Shareholder, any member of the same Permitted Group as that company and (ii) in relation to a Y Shareholder, any Replacement Trustee;

Preference Share means a cumulative preference share of £0.05 in the capital of the Company designated as a Preference Share;

Preferred Dividend means the preferential dividend referred to in Article 29.2;

Principal Amount means £1,673,554.50;

Principal Amount Interest means the interest which shall be charged on the Principal Amount at the rate of 2% above Base Rate on a daily basis and compounded on the last day of each quarter;

Proposed Buyer has the meaning given in Article 14.1;

Proposed Transfer has the meaning given in Article 15.1;

Realisation Price means the value of each Ordinary Share in issue immediately before an Exit, determined by reference to the price per share at which Ordinary Shares in the Company are to be offered for sale, placed or otherwise marketed pursuant to the Exit;

Redemption Date has the meaning given in Article 4.1;

Redemption Notice has the meaning given in Article 4.1;

Related Party Transaction means a transaction between a Group Company and any of the following:

- (a) a director of that Group Company;
- (b) a shadow director of that Group Company;
- (c) an Associate of such a director or shadow director;
- (d) a shareholder of the Group Company; and
- (e) an Associate of the Group Company;

Related Person Binding Authority means a binding authority, delegated authority or coverholder arrangement pursuant to which the Company or the Managing Agent of the Syndicate has delegated its authority to an Associate of the X shareholder;

Related Person Slip means an insurance or reinsurance slip or policy between the Company or the Managing Agent of the Syndicate and an Associate of the X shareholder;

Replacement Trustee means any professional trust services company to which the Y Shareholder wishes to transfer its Y Shares and of which the X Shareholder has approved such transfer (approval not to be unreasonably withheld) (and for these purposes a refusal to give approval shall be reasonable if the granting of approval would adversely affect the rights of the X Shareholder under any agreement between the X Shareholder and the Y Shareholder);

Restricted Period means the period from the date of these Articles until 31 December 2014 (both dates inclusive);

Sale Agreement has the meaning given in Article 14.5;

Sale Date has the meaning given in Article 15.3;

Sale Shares means all of the shares owned by a Shareholder;

Sale Terms has the meaning given in Article 14.1;

Seller has the meaning given in Article 16.2;

Sellers' Shares has the meaning given in Article 14.1;

Selling Shareholder has the meaning given in Article 14.1;

Share Sale means a transfer of all or any shares in the Company whether pursuant to the Articles (other than pursuant to Articles 9.2 and 10) or in any other way;

Specified Price has the meaning given in Article 15.2;

Subordinated Loan means any loan made available to the Company for the purpose of satisfying its Capital Resources Requirement;

Subsequent Period means the period on and from 1 January 2013;

Subsidiary means subsidiary as defined in section 1159 of the 2006 Act;

Subsidiary Undertakings means "subsidiary undertaking" as defined in section 1162 of the 2006 Act;

Syndicate means a new syndicate at Lloyd's, the Managing Agent of which will be Argenta Syndicate Management Limited (and subsequently the Company);

Tag Details has the meaning given in Article 15.3;

Transferee has the meaning given in Article 15.1;

Transfer Notice means an irrevocable notice in writing given by any shareholder to another shareholder or the Company (as the relevant Article requires) where (as the case may be) the first shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares;

Transfer Price has the meaning given in Article 16.3;

Transfer Shares has the meaning given in Article 10.1;

Very Good Leaver means an individual who (for whatever reason) ceases to be an employee of a Group Company as a result of:

(a) death;

- (b) physical or mental incapacity indefinitely preventing the individual from continuing to work for a Group Company (including for the avoidance of doubt, resignation as a result thereof) as certified by an independent medical doctor jointly appointed by the X Shareholder and the individual concerned (the X Shareholder's and the individual's consent to the proposed appointee not to be unreasonably withheld);
- (c) retirement at the age of 60;
- (d) wrongful or unfair dismissal (except where the dismissal is deemed to be wrongful or unfair purely as a result of the failure to follow a fair procedure (and where if the procedures had been complied with the dismissal would have been fair) and where one of the potentially fair reasons for dismissal set out in sections 98(1) and 98(2) of the Employment Rights Act 1986 applies), including for the avoidance of doubt constructive dismissal that is wrongful or unfair;
- (e) redundancy; or
- (f) an individual who ceases to be an employee of a Group Company for any reason whatsoever taking effect on 1 January 2015 or after;

Very Good Leaver Price means Fair Value per Y Share;

X Director means any director of the Company appointed by the X Shareholder;

X Share means an ordinary share of £0.05 in the capital of the Company designated as an X Share;

X Shareholder means a holder of one or more X Shares;

Y Director means any director of the Company appointed by the Y Shareholder;

Y Share means an ordinary share of £0.05 in the capital of the Company designated as a Y Share;

Y Shareholder means a holder of one or more Y Shares;

Z Share means a non-voting, non-participating share of £0.05 in the capital of the Company designated as a Z Share;

1985 Act means the Companies Act 1985; and

2006 Act mean the Companies Act 2006.

- 1.3. Save as otherwise provided in these Articles, words and expressions which have particular meanings in Table A shall have the same respective meanings in these Articles.
- 1.4. In Table A and in these Articles, the word "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.
- 1.5. In Table A and in these Articles, references to "writing" shall include any method of representing or reproducing words in a legible and non-transitory form but shall not include electronic communications.
- 1.6. In these Articles, the expression "electronic signature" shall have the meaning provided in section 7(2) of the Electronic Communications Act 2000.
- 1.7. References herein to Articles are to the numbered paragraphs of these Articles and to Regulations are to the regulations of Table A.

2. ADOPTION OF TABLE A

- 2.1. The Company is a private company. The Regulations contained in Table A as it relates to a private company limited by shares shall (except where they are excluded or modified by these Articles) apply to the Company and, together with these Articles, shall constitute the Articles of Association of the Company.
- 2.2. Subject to Article 2.1, no other regulations scheduled to any statute containing standard articles of association shall apply to the Company.
- 2.3. Regulations 3, 24, 35, 37, 40, 41, 58, 60 to 62, 64, 65, 67, 71, 76 to 79, 87, 89, 94 to 96, 116 and 118 of Table A shall not apply to the Company.

3. SHARE CAPITAL

- 3.1. The authorised share capital of the Company at the date of adoption of these Articles is £3,000 divided into:
 - (a) 1 Preference Share;
 - (b) 40,000 X Shares and 19,997 Y Shares; and
 - (c) 2 Z Shares.
- 3.2. Except as otherwise provided in these Articles, the Preference Share, the X Shares and the Y Shares shall rank pari passu in all respects but shall constitute separate classes of shares.

3.3. On the transfer of any share as permitted by these Articles:

- (a) a share transferred to a non-member shall remain of the same class as before the transfer; and
- (b) a share transferred to a member shall automatically be redesignated on transfer as a share of the same class as those shares already held by the member except where Y Shares are transferred to the X Shareholder they shall be redesignated as X Shares rather than Preference Shares or Z Shares.

If no shares of a class remain in issue following a redesignation under this Article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, members of that class or directors appointed by that class.

3.4. No variation of the rights attaching to any class of shares shall be effective except with:

- (a) the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class; or
- (b) the sanction of a special resolution passed at a separate meeting of the holders of the shares of the relevant class. To any such separate meeting all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be one holder of the relevant class of share present in person or by proxy or by representative and holding or representing not less than one-third in nominal value of the issued shares of the relevant class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the class present in person or by proxy or (being a corporation) by a duly authorised representative may demand a poll. For the purpose of this Article 3.4(b) one class shareholder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

3.5. Each of the following shall be deemed to constitute a variation of the rights attached to the X Shares and the Y Shares:

- (a) any amendment, alteration, variation or deletion to the memorandum or articles of association of the Company;
- (b) any increase, reduction, subdivision or consolidation or other alteration in the authorised or issued share capital of the Company or any variation of the rights attaching to any share capital; and

- (c) any resolution to put the Company into liquidation.

4. REDEMPTION OF PREFERENCE SHARE

- 4.1. Subject to the provisions of the Companies Acts, any Preference Share shall be redeemed in full by the relevant holder giving notice of the redemption to the Company (**Redemption Notice**) once the Preferred Dividend has been paid in full. The Preference Share shall be redeemed immediately following receipt of the Redemption Notice by the Company (**Redemption Date**).
- 4.2. On the Redemption Date, the Company shall pay the fixed redemption price of par value per Preference Share to the registered holder of the relevant Preference Share. On receipt of that amount, the holder shall surrender to the Company the certificate for the share that is to be redeemed (or an indemnity in a form reasonably satisfactory to the Board in respect of any lost share certificate) to be cancelled. If the certificate (or indemnity) so surrendered includes any shares that are not redeemable at that time, the Company shall issue a new share certificate for the balance of the shares not redeemable to the holder.

5. CLASS CONSENTS

- 5.1. Without prejudice to the restrictions contained in these Articles as to the modification of the rights attaching to classes of shares or except as expressly provided in these Articles, consent of the X Shareholders and the Y Shareholders shall be required for:
 - (a) the increase, reduction or other alteration of the authorised or issued share or loan capital (including the share premium account or other capital reserve) or the capital structure of any Group Company or any variation of rights attaching to the shares of any Group Company;
 - (b) the grant or creation of any option or other like rights to acquire any shares or securities convertible into shares in any Group Company, the purchase or redemption or making of any payment to any person for giving up his rights to any share capital on its cancellation or extinguishment;
 - (c) the creation of any pension scheme, share option scheme or any other employee benefit;
 - (d) the formation or acquisition of any Subsidiary or Subsidiary Undertaking or the acquisition of the whole or part of the undertaking, assets or shares of any other person, firm or company or otherwise making any changes to the corporate structure of the Group from that on the date of these Articles;

- (e) the sale or disposal of the whole or a substantial part of the undertaking, assets, business, shares or any interest therein of any Group Company (other than a transfer Permitted in accordance with Article 9);
- (f) any material change in the nature and conduct of the business of any Group Company;
- (g) a change to any accounting policies relating to accounting or tax other than as required by law;
- (h) any change in the Company's name or trading name, brand or trading image;
- (i) any material loans or advances or the provision of any credit (other than normal trade credit) or the acquisition of any loan capital of any corporate body outside the Business Plan;
- (j) any material borrowing by the Company other than that in existence or available to the Company but not drawn down at the date of adoption of these Articles;
- (k) the creation or permitting the creation of any mortgage, charge, debenture or other security, interest or encumbrance over the Company's assets, business or undertaking or any part thereof;
- (l) the making by the Company of a composition with its creditors or any of them;
- (m) the taking of any steps to wind up the Company save where the Company is insolvent or apply to petition the Court for an administration order to be made in respect of the Company;
- (n) for the entry into of any Related Party Transactions;

5.2. Without prejudice to the restrictions contained in these Articles as to the modification of the rights attaching to classes of shares, prior written consent of the X Shareholders shall be required:

- (a) in relation to any Management Person:
 - (i) having interests or commitments outside his interests and commitments to the Group (including as a director, officer and/or employee) whereby he is not able to devote his full time and attention to the Group; or
 - (ii) working for, advising or in any other way assisting (whether for financial gain or otherwise) any other firm, business or company at any time whatsoever except in relation to a Group Company except where the

relevant Management Person has provided the Board in accordance with full written details of his proposal to work for, advise or in any other way assist (whether for financial gain or otherwise) any other firm, business or company;

- (b) for the creation of any mortgage, charge or other encumbrance over the whole or any of the Y Shares or for agreeing or purporting to do so;
- (c) to the Y Shareholder dealing or purporting to deal with the beneficial interest of the Y Shares or any right relating thereto, whether or not separately from the legal ownership of such Y Shares;
- (d) in relation to any Management Person:
 - (i) increasing or varying their emoluments other than in accordance with their employment contracts;
 - (ii) agreeing to accept any amendment or variation in their original terms of employment;
 - (iii) terminating or otherwise ending their employment; or
 - (iv) waiving or agreeing not to take any action in respect of any material breach by any of them in respect of their contract of employment.
- (e) for the approval or adoption of any Business Plan and any amendments, alterations, variations or deletions thereto;
- (f) for the performance of any act outside the scope of an Authority Matrix;
- (g) for the changing of any budgeting controls and written procedures that have been agreed by the X Shareholder;
- (h) for any change in the identity of the auditors of any Group Company or the New Syndicate;
- (i) enter into, vary, amend or alter any contract, arrangement or understanding, whether written or not between the Company and any Managing Agent of the Syndicate.

6. REDEEMABLE SHARES

Subject to the provisions of the Companies Acts, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the shareholders. Regulation 3 shall not apply.

7. PURCHASE OF OWN SHARES

Subject to the provisions of the Companies Acts, the Company may enter into any contract for the purchase of all or any of its shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any such shares and may make payments in respect of the redemption or purchase of such shares otherwise than out of distributable profits or the proceeds of a fresh issue of shares. Every contract entered into pursuant to this Article shall be authorised by such resolution of the Company as may for the time being be required by law but subject thereto the directors shall have full power to determine or approve the terms of any such contract. Neither the Company nor the directors shall be required to select the shares in question rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares. Subject to the provisions of the Companies Acts, the Company may agree to the variation of any contract entered into pursuant to this Article and to the release of any of its rights or obligations under any such contract. Notwithstanding anything to the contrary contained in these Articles, the rights attaching to any class of shares shall not be deemed to be varied by anything done by the Company pursuant to this Article. Regulation 35 shall not apply.

8. CALLS

The liability of any person in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."

9. TRANSFER OF SHARES

9.1. No member shall sell, transfer, assign, pledge, charge, or without limitation otherwise dispose of any share or any interest in any share:

- (a) during the Restricted Period except:
 - (i) with the prior written consent of all members for the time being;
 - (ii) in accordance with Articles 9.2, 9.3 and 10; or
 - (iii) a transfer by the Y Shareholder of Y Shares to the X Shareholder with the X Shareholder's consent; and
- (b) after the expiry of the Restricted Period except:
 - (i) in accordance with Articles 9.2, 9.3, 10, 14, 15 or 16; or

- (ii) a transfer by the Y Shareholder of Y Shares to the X Shareholder with the X Shareholder's consent.

Regulation 24 shall not apply.

- 9.2. The X Shareholder (in this Article 9.2, **X Member**) may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee. If a Permitted Transferee ceases to be a member of the Permitted Group, the Permitted Transferee must, not later than the date five Business Days after the date on which it so ceases, transfer all (but not some only) of its shares in the Company back to the X Member or to a member of the same Permitted Group as the X Member (which in either case is not in liquidation), failing which the Company may execute a transfer of the shares on behalf of the Permitted Transferee and register the X Member as the holder of such shares.
- 9.3. The Y Shareholder may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee.
- 9.4. For the purpose of ensuring that no sale, transfer, assignment, pledge, charge or without limitation other disposal has taken place contrary to Article 9.1, the directors may from time to time require any member to furnish the Company with such information and evidence as they may reasonably think fit regarding any matter relevant to such purpose.
- 9.5. The directors shall, subject to its being properly stamped, forthwith register any transfer which complies with Article 9.1 and shall not register any transfer which does not comply with the provisions of Article 9.1, whether or not it is of fully-paid shares.

10. GOOD LEAVER/BAD LEAVER

- 10.1. If a Management Person is a Leaver, the Y Shareholder shall be deemed at the point at which the relevant Management Person becomes a Leaver as specified in accordance with Article 11 to have given a Transfer Notice to the X Shareholder in respect of a number of Y Shares equal to that Management Person's Leaver Shares (the **Transfer Shares**). The X Shareholder shall by giving the Y Shareholder written notice (**Leaver Notice**) within 15 Business Days of the X Shareholder becoming aware of the Deemed Transfer Notice have the option at its absolute discretion to acquire or procure the acquisition from the Y Shareholder of all or some of the Transfer Shares at the following price:
 - (a) if the Management Person is a Very Good Leaver, at the Very Good Leaver Price;
 - (b) if the Management Person is a Good Leaver, at the Good Leaver Price;
 - (c) if the Management Person is a Neutral Leaver, at the Neutral Leaver Price; or

(d) if the Management Person is a Bad Leaver, at the Bad Leaver Price.

- 10.2. The X Shareholder shall record in the Leaver Notice the category of Leaver that the Management Person falls within by definition.
- 10.3. If a Management Person believes that he should be classed as being in a category of Leaver other than the category in which he falls by definition, the Management Person shall be entitled by written notice to the Company within five Business Days of the date of the Leaver Notice to request a meeting with a committee consisting of one X Director (to be determined by the X Shareholder) and one of the Y Directors (to be determined by the Y Shareholder) at which he will have the right to make representations (the **Leaver Committee**). The Leaver Committee shall have discretion to classify the Management Person in a different Leaver category if, acting reasonably, its members decided unanimously that they are satisfied that the Management Person has compelling reasons through no fault of his own that mean he is no longer able to work for the Company. Within 5 Business Days of the Leaver Committee hearing representations from the Management Person, the Leaver Committee shall give written notice to the Company, the X Shareholder, Y Shareholder and the Management Person of the category of Leaver that the Management Person should be classified in (the **Leaver Determination**).
- 10.4. If after the X Shareholder is advised of a Leaver Determination the X Shareholder no longer wishes to acquire or procure the acquisition from the Y Shareholder of all or some of the Transfer Shares, the X Shareholder shall give written notice of that fact to the Company, the Y Shareholder and the Management Person.
- 10.5. For the avoidance of doubt, if the X Shareholder does not acquire or procure the acquisition of the Transfer Shares pursuant to Article 10.1 the Y Shareholder shall retain those shares.
- 10.6. Completion of the sale of the Transfer Shares shall take place on the date nominated by the X Shareholder for completion of the sale of the Transfer Shares (the **Leaver Transfer Date**). The Leaver and the Purchaser shall use reasonable endeavours to complete the sale of the Transfer Shares promptly.
- 10.7. Within 15 Business Days of (**Delivery Date**):
- (i) if a Leaver Committee meeting has been requested, the date of the Leaver Committee's Leaver Determination; or
 - (ii) if no Leaver Committee meeting has been requested, the X Shareholder serving a Leaver Notice on the Y Shareholder,

the Y Shareholder shall deliver to the Company duly executed stock transfer forms for the Transfer Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates).

10.8. On the Leaver Transfer Date, if the X Shareholder has put the Company in the requisite funds:

- (a) the Y Shareholder shall be entitled to demand payment of, and the Company shall pay the Y Shareholder, on behalf of the X Shareholder, the amounts they are due for their shares pursuant to Article 10.1; and
- (b) the Company shall deliver to the X Shareholder the duly executed stock transfer forms for the Transfer Shares together with the relevant share certificates (or indemnity for any lost share certificates if appropriate).

The Company's receipt for the price pursuant to Article 10.7(a) shall be a good discharge to the X Shareholder. The Company shall hold the amounts due to the Y Shareholder pursuant to Article 10.1 in trust for the Y Shareholder without any obligation to pay interest.

10.9. To the extent that the X Shareholder has not, on the Leaver Transfer Date, put the Company in funds to pay the consideration due pursuant to Article 10.1, the Y Shareholder shall be entitled to the return of the stock transfer forms and share certificates or suitable indemnity (as the case may be) for the relevant Transfer Shares and the Y Shareholder shall have no further rights or obligations under this Article 10 in respect of the shares in relation to that Leaver event.

10.10. If the Y Shareholder does not, on the Delivery Date and before completion of the sale of the Transfer Shares, execute transfer(s) in respect of all of the Transfer Shares held by it and deliver them to the Company, the Y Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the X Shareholder to be the Y Shareholder's agent and attorney to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Transfer Shares, to deliver such transfer(s) to the X Shareholder (or as they may direct). After the X Shareholder (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this Article 10.

10.11. If the X Shareholder elects to acquire or procure the acquisition of the relevant Transfer Shares under this Article 10, such transfers shall be completed before the completion of any transfers pursuant to Articles 14, 15 and/or 16.

11. DATE OF END OF EMPLOYMENT

For the purpose of Article 10, the date upon which a Management Person becomes a Leaver shall be determined as follows:

- (a) where a Management Person is a Neutral Leaver, the date that the X Shareholder specifies as the date that the individual ceases to be employed in the notice to the Company;
- (b) where a Management Person dies, the date of death recorded on their death certificate;
- (c) where a Management Person suffers physical or mental incapacity preventing him from working, the date that the medical professional specifies as being the date from which he was prevented indefinitely from working for a Group Company as a result of physical or mental incapacity;
- (d) where a Management Person retires at 60, the date of such retirement;
- (e) where a Management Person resigns, the first day after the expiry of his notice period under his contract of employment or such other date as the Management Person and the Company agree;
- (f) except as set out in Articles 11(a) to 11(e), where the employer terminates the contract of employment by giving notice of termination to the employee (whether or not the same constitutes a wrongful or unfair dismissal), the last day that the Management Person works for a Group Company;
- (g) except as set out in Articles 11(a) to 11(e), where the employee terminates the contract of employment by giving notice of termination to the employer (whether or not he is lawfully able so to do), the date such notice is given; or
- (h) where the employer or Management Person repudiates the contract of employment the date of acceptance of such repudiation by the other party.

12. FAIR VALUE

12.1. **Fair Value** of the shares in the Company to be transferred shall be the value that the Expert certifies to be the fair market value per share in his opinion based on the following assumptions:

- (a) the sale shares are capable of being transferred without restriction and the transfer is between a willing buyer and a willing seller on the open market;

- (b) in the case of a Leaver, the transfer is taking place on the date that the individual became a Leaver as determined pursuant to Article 11;
- (c) if the Company is then carrying on its business as a going concern, on the assumption that it shall continue to do so in the same manner;
- (d) the shares are sold free of all encumbrances; and
- (e) the shares being transferred are being purchased in one lot by a purchaser contracting on arm's length terms.
- (f) the valuation includes any goodwill attaching to the Company and the Syndicate; and
- (g) the valuation does not take account (if that be the case) that the shares represent a minority, majority or Controlling Interest in the Company.

If any difficulty arises in applying any of the assumptions set out in this Article 12, the Expert shall resolve it in whatever manner he shall, in his absolute discretion, think fit.

- 12.2. In determining Fair Value, the Expert shall be required to take into account any bona fide arm's length offer which may have been received to purchase the shares concerned within the 6 months prior to the date of the Expert's appointment.
- 12.3. The Expert shall be requested to determine the Fair Value within 15 Business Days of his appointment and to notify in writing the directors, the X Shareholder, the Y Shareholder (and if applicable the Leaver) of his determination.
- 12.4. Subject to any confidentiality obligations to third parties preventing the disclosure of information to the Expert and subject to ensuring that legal privilege in any information will not be waived by the disclosure of information, the Expert may have access to all accounting records and other relevant documents of the Company.
- 12.5. The Expert's determination shall be final and binding on the members (in the absence of fraud or manifest error). The Expert shall act as an expert not as an arbitrator.
- 12.6. Where Fair Value is being determined by an Expert in the context of a Bad Leaver or a Good Leaver, the costs of the expert shall be borne by the Y Shareholder. Otherwise the costs of the Expert shall be borne equally by the X Shareholder and the Y Shareholder.

13. DISENFRANCHISEMENT

Notwithstanding any provisions of these Articles to the contrary, where a Management Party is a Good Leaver or a Bad Leaver, if the X Shareholder notifies the Company in

writing, the Y Shareholder shall not be entitled to exercise any voting rights at general meetings of the Company or by written resolution in respect of any Leaver Shares on and from the date of payment to the Y Shareholder in respect of the transfer of those Leaver Shares.

14. DRAG ALONG

- 14.1. If the X Shareholder (the **Selling Shareholder**) wishes to sell all of its shares (the **Sellers' Shares**) to a bona fide arm's length purchaser (**Proposed Buyer**) and, following receipt of a written notice containing the information set out in Article 14.2(b) to 14.2(e) (the **Sale Terms**), Management Persons representing 40% of the aggregate number of Leavers Shares for all Management Persons (a **Drag Majority**) have given their written consent to the sale of the Sellers' Shares, the Selling Shareholder may require all the shareholders other than itself (the **Called Shareholders**) to sell and transfer all of their shares to the Proposed Buyer (or as the Proposed Buyer directs), in accordance with the provisions of this Article 14 (**Drag Along Option**). The Drag Majority must consent to any change in the Sale Terms.
- 14.2. The Selling Shareholder may exercise the Drag Along Option by giving written notice to that effect to all the other shareholders (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their shares (**Called Shares**) pursuant to this Article 14;
 - (b) the Proposed Buyer to whom the shares are to be transferred;
 - (c) the consideration payable for the Called Shares which shall, for each Called Share, be an amount equal to the consideration (cash or non cash) including any other benefits that would have the effect of increasing or decreasing the consideration per share offered by the Proposed Buyer for the Sellers' Shares;
 - (d) the other terms and conditions of the transfer which shall, to the extent appropriate, be the same as the terms and conditions applying to the Selling Shareholder; and
 - (e) the proposed date of the transfer.
- 14.3. Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholder has not sold the Sellers' Shares to the Proposed Buyer within 30 Business Days of serving the Drag Along Notice. The

Selling Shareholder may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

14.4. Completion of the sale of the Called Shares shall take place on the Completion Date. **Completion Date** in this Article 14 means the date proposed for completion of the sale of the Sellers' Shares in the Drag Along Notice unless:

- (a) all of the Called Shareholders and the Selling Shareholder agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholder; or
- (b) that date is less than 10 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be 10 Business Days after delivery of the Drag Along Notice.

14.5. Within five Business Days of the Selling Shareholder serving a Drag Along Notice on the Called Shareholders (**Delivery Date**), the Called Shareholders shall deliver to the Company duly executed stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) and a duly executed sale agreement reflecting the Sale Terms (the **Sale Agreement**). On the Completion Date if the Proposed Buyer has put the Company in the requisite funds:

- (a) the Called Shareholders shall be entitled to demand payment of, and the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due for their shares pursuant to Article 14.2(c); and
- (b) the Company shall deliver to the Proposed Buyer the duly executed stock transfer forms for the Called Shares together with the relevant share certificates (or indemnity for any lost share certificates if appropriate) and the duly executed Sale Agreement.

The Company's receipt for the price pursuant to Article 14.5(a) shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 14.720 in trust for the Called Shareholders without any obligation to pay interest.

14.6. To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the consideration due pursuant to Article 14.2(c), the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates or suitable indemnity (as the case may be) and the Sale Agreement for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this Article 14 in respect of their shares in relation to that Drag Along Notice.

- 14.7. If any Called Shareholder does not, on the Delivery Date and before completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it and execute the Sale Agreement, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholder to be the defaulting Called Shareholder's agent and attorney to execute all necessary transfer(s) and the Sale Agreement on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, to deliver such transfer(s) and the Sale Agreement of transfer to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this Article 14.
- 14.8. If the X Shareholder is able to exercise a Drag Along Option under Article 14.1 then it may elect to do so even if the provisions of Articles 15 and/or 16 then apply in which case the provisions of Article 14 (and the other related relevant provisions of the Articles) shall apply and not Articles 15 and/or 16 (as the case may be).

15. TAG ALONG RIGHTS ON A CHANGE OF CONTROL

- 15.1. Except in the case of transfers pursuant to Article 9.2, 10 or 14, the provisions of Article 15.2 to Article 15.5 shall apply if, in one or a series of related transactions permitted by these Articles, one or more shareholders (a **Transferee**) propose to transfer any of their shares (**Proposed Transfer**) which would, if carried out, result in any person, and any person Acting in Concert with any such person (together the **Buyer**), acquiring a Controlling Interest in the Company.
- 15.2. Before making a Proposed Transfer, a Transferee shall procure that the Buyer makes an offer (**Offer**) to the other members to purchase all of the shares held by them for a consideration in cash per share that is equal to the consideration (whether cash or non cash including any other benefits that would have the effect of increasing or decreasing the consideration per share) offered or paid by the Buyer in the Proposed Transfer (**Specified Price**).
- 15.3. The Offer shall be given by written notice (**Offer Notice**), at least 10 Business Days (**Offer Notice Date**) before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out the following details (the **Tag Details**):
- (a) the identity of the Buyer;

- (b) the purchase price (including any other benefits that would have the effect of increasing or decreasing the consideration per share offered by the Proposed Buyer for the Transferees' Shares);
- (c) the other terms and the conditions of payment which shall, to the extent appropriate, be the same as the terms and conditions applying to the Transferee;
- (d) the Sale Date; and
- (e) the number of shares proposed to be purchased by the Buyer (**Offer Shares**).

The Tag Details shall not change except with the consent of the members other than the Transferee.

- 15.4. If the Buyer fails to make the Offer to all holders of shares in the Company in accordance with Article 15.2 and Article 15.3, the Transferee shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of shares effected in accordance with the Proposed Transfer.
- 15.5. If any member wishes to accept the Offer (**Accepting Shareholder**, and all shares of each such shareholder being **Accepted Shares**) they shall do so by written notice to the Transferee and the Buyer between the Offer Notice Date and the Sale Date. Completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.
- 15.6. Completion of the sale of the Accepted Shares shall take place on the Sale Date.
- 15.7. At least five Business Days before the Sale Date (**Delivery Date**) each Accepting Shareholder shall deliver to the Company duly executed stock transfer forms for the Accepted Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) and a duly executed agreement in relation to the terms and conditions set out in the Offer Notice. On the Sale Date, if the Buyer has put the Company in the requisite funds:
 - (a) the Accepting Shareholders shall be entitled to demand payment of, and the Company shall pay the Accepting Shareholders, on behalf of the Buyer, the amounts they are due for their shares pursuant to Article 15.3(b); and
 - (b) the Company shall deliver to the Buyer the duly executed stock transfer forms for the Accepted Shares together with the relevant share certificates (or indemnities for any lost share certificates if appropriate) and the duly executed agreements of transfer.

The Company's receipt for the price shall be a good discharge to the Buyer. The Company shall hold the amounts due to the Accepting Shareholders pursuant to Article 15.3(b) in trust for the Accepting Shareholders without any obligation to pay interest.

- 15.8. To the extent that the Buyer has not, on the Sale Date, put the Company in funds to pay the consideration due pursuant to Article 15.3(b), the Accepting Shareholders shall be entitled to the return of the stock transfer forms and share certificates or suitable indemnities (as the case may be) and transfer agreement for the relevant Accepted Shares and the Accepted Shareholders shall have no further rights or obligations under this Article 15 in respect of their shares in relation to that Offer Notice.
- 15.9. If any Accepting Shareholder does not, on the Delivery Date and before completion of the sale of the Accepted Shares, execute transfer(s) in respect of all of the Accepted Shares held by it and execute the transfer agreement, the defaulting Accepting Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Transferee to be the defaulting Accepting Shareholder's agent and attorney to execute all necessary transfer(s) and the transfer agreement on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Accepted Shares, to deliver such transfer(s) and transfer agreement to the Buyer (or as they may direct) as the holder thereof. After the Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this Article 15.

16. TRANSFER OF SHARES SUBJECT TO PRE-EMPTION RIGHTS

- 16.1. In this Article 16, references to a transfer of a Sale Share include the transfer or assignment of a beneficial or other interest in that Sale Share or the creation of a trust or encumbrance over that Sale Share and reference to a Sale Share includes a beneficial or other interest in a Sale Share.
- 16.2. Except where the provisions of Article 9.2, 9.3, 10 or 14 apply, any transfer of Sale Shares by a shareholder (a **Seller**) after the expiry of the Restricted Period shall be subject to the pre-emption rights in this Article 16.
- 16.3. A Seller shall, before transferring or agreeing to transfer any Sale Shares, give a Transfer Notice to the Company specifying:
- (a) the number of Sale Shares;
 - (b) the name of the proposed transferee; and

- (c) the price (in cash) per share at which he wishes to transfer the Sale Shares (**Transfer Price**);
- 16.4. Once given under this Article 16, a Transfer Notice may not be withdrawn or amended except as expressly provided in these Articles.
- 16.5. A Transfer Notice appoints the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 16.6. If no Transfer Price is agreed between the Seller and the Board, the Transfer Price will be deemed to be Fair Value of the Sale Shares.
- 16.7. As soon as practicable following the receipt of a Transfer Notice, the Board shall offer the Sale Shares for sale to the shareholders in the manner set out in Article 16.8. Each offer shall be in writing and set out the detail in the Transfer Notice required by Article 16.3.
- 16.8. (a) The Board shall offer the Sale Shares to all shareholders other than the Seller (**Continuing Shareholders**), inviting them to apply in writing within 20 Business Days of the date of the notice to them (**Offer Period**) for the maximum number of Sale Shares they wish to buy.
- (b) Any allocation made under this Article 16.8 shall be conditional on all of the Sale Shares being sold to shareholders.
- (c) If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded to the nearest whole number at the absolute discretion of the board. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.
- (d) If, at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Seller may transfer the Sale Shares to any person at a price per share at least equal to the Transfer Price. In assessing the price cash and non cash consideration shall be taken into account together with any other benefits that would have the effect of increasing or decreasing the consideration per share.

- 16.9. If allocations under Article 16.8 have been made in respect of all of the Sale Shares, the Board shall give written notice of allocation (**Allocation Notice**) to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (**Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to him (**Consideration**) and the place and time for completion of the transfer of the Sale Shares (which shall be at least 20 Business Days after the date of the Allocation Notice).
- 16.10. Following service of an Allocation Notice, the Seller shall, against payment of the Consideration, transfer the Sale Shares allocated in accordance with the requirements specified in the Allocation Notice.
- 16.11. If the Seller fails to comply with the requirements of the Allocation Notice:
- (a) the Chairman of the Company (or, failing him, one of the other Directors, or some other person nominated by a resolution of the Board) may, on behalf of the Seller:
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
 - (ii) receive the aggregate Consideration and give a good discharge for it; and
 - (iii) (subject to the transfers being duly stamped) enter the Applicants in the register of shareholders as the holders of the Shares purchased by them; and
 - (b) the Company shall pay the Consideration into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.
- 16.12. The Seller's right to transfer Shares under Article 16.8(d) does not apply if the Board reasonably considers that:
- (a) the transferee is a person (or a nominee for a person) who is a competitor with (or an Associate of a competitor with) the business of a Group Company; or
 - (b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance or other provision to the transferee that would effectively reduce the price below the Transfer Price; or

- (c) the Seller has failed or refused to provide promptly information available to the Seller which is not subject to confidentiality obligations preventing disclosure and reasonably requested by the Board to enable it to form any of the opinions mentioned in this Article 16.12 above.

16.13. The restrictions imposed by this Article may be waived in relation to any proposed transfer of Sale Shares with the consent of shareholders who, but for the waiver, would or might have been entitled to have such Sale Shares offered to them in accordance with this Article 16.

17. UNISSUED SHARES

- 17.1. No shares in the Company nor any right to subscribe for or convert any security into shares in the Company shall at any time be allotted unless within one month before that allotment every member for the time being entitled to vote has consented in writing to that allotment and its terms and to the identity of the proposed allottee.
- 17.2. No shares of any class nor any right to subscribe for or convert any security into a share of any class shall be allotted otherwise than to the holder of a share of that same class.
- 17.3. Section 561 of the 2006 Act shall not apply to an allotment of any equity security where the consent to that allotment of every member has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.

18. GENERAL MEETINGS AND RESOLUTIONS

- 18.1. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Companies Acts, shall forthwith proceed to convene a general meeting in accordance with the provisions of the Companies Acts. Regulation 37 shall not apply.
- 18.2. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the nomination, election or choice of a chairman which shall not be treated for this purpose as part of the business of the meeting.
- 18.3. Save as otherwise provided by this Article 18 and Article 18.4, two persons entitled to vote upon the business to be transacted, each being a member, a duly authorised representative for such member or a proxy for such member shall be a quorum, of whom one shall be an X Shareholder and one shall be a Y Shareholder. If and for so long as the Company has only one member, then one member present in person or by proxy or (if a corporation) by a duly authorised representative shall be a quorum. Regulation 40 shall not apply.

- 18.4. If a quorum is not present within thirty minutes after the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to seven Business Days thereafter at the same time and same place provided that at least four Business Days notice of such adjourned meeting is given to the shareholders in relation to such adjourned meeting. If a quorum is not present within thirty minutes from the time appointed for holding the adjourned meeting, the member or members present at such adjourned meeting shall, subject to Article 18.3 be a quorum. Regulation 41 shall not apply.
- 18.5. Any notice of a shareholder meeting shall be deemed served on each respective shareholder when it is received by that shareholder.

19. VOTES

- 19.1. Subject to any other provisions in these Articles concerning voting rights, shares in the Company shall carry votes as follows:
- (a) the Ordinary Shares shall confer on each holder of Ordinary Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company, and each Ordinary Share shall carry one vote per share;
 - (b) the Preference Shares and the Z Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company.
- 19.2. The holder of the Preference Share shall have the right to receive notice of, attend, speak and vote at a class meeting of the Preference Shareholders.
- 19.3. Subject to Article 19.5, where shares confer a right to vote, votes may be exercised:
- (a) on a show of hands by every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case, each shareholder holding shares with votes shall have one vote); or
 - (b) on a poll by every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case, each shareholder holding shares with votes shall have one vote for each such share held).
- 19.4. If at any general meeting any votes shall be counted which ought not to have been counted or which might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, and not in that case unless it shall, in

the opinion of the chairman of the meeting, be of sufficient magnitude to vitiate the result of the voting. Regulation 58 shall not apply.

- 19.5. A proposed resolution in writing circulated in accordance with the Companies Acts shall lapse if it is not passed before the end of the period of 28 days beginning with the Circulation Date. The resolution may consist of one or more copies of the same document if each copy is signed by or on behalf of one or more members and any copy may be a fax copy of a signed resolution or a copy resolution with an electronic signature. Article 1.4 shall be modified accordingly.

20. PROXIES

- 20.1. The appointment of a proxy shall be executed by or on behalf of the appointor and in any usual or common form or in such other form as the directors may approve and shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates. The appointment of a proxy and any authority under which it is executed shall, in the case of an instrument in writing, be deposited at the office of the Company, or immediately prior to the commencement of a general meeting or class meeting, with the Secretary or the chairman of that meeting. In the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:

- (a) in a notice convening the meeting; or
- (b) in any instrument of proxy sent out by the Company in relation to the meeting; or
- (c) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

such appointment shall be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

- 20.2. An appointment of a proxy which is not deposited, delivered or received in a manner so permitted shall be invalid. Regulations 60, 61 and 62 shall not apply.

21. NUMBER AND AGE OF DIRECTORS

- 21.1. Unless determined otherwise by all the members of the Company in writing and subject always to Article 24.2 and Article 24.4:

- (a) during the Initial Period, the maximum number of directors shall be twelve (12) and the minimum number of directors shall be four (4); and
- (b) during the Subsequent Period, the maximum number of directors shall be eight (8) and the minimum number of directors shall be four (4).

Regulation 64 shall not apply.

- 21.2. No person shall be ineligible for appointment as a director by reason of his having attained any particular age. No shareholder qualification for directors shall be required.
- 21.3. At the date of these Articles and subject to any changes as determined by the Board, the following number of X Directors and of Y Directors shall be entitled to sit on the following Committees:

Committee	Members
Remuneration	2 X Directors
Audit	2 X Directors
Investment	1 X Director 1 Y Director
Underwriting, reinsurance and claims	1 X Director 1 Y Director
Compliance	1 X Director 2 Y Directors

- 21.4. The following directors shall be entitled to make such disclosure, in relation to the business and affairs of the Company, Syndicate and Group as he may in his absolute discretion determine, to the following people:

- (a) an X Director (and any alternate director appointed by him) may make such disclosure to the X Shareholder and any member of the X Shareholder's Permitted Group; and
- (b) a Y Director (and any alternate director appointed by him) may make such disclosure to the Y Shareholder.

22. ALTERNATE DIRECTORS

- 22.1. Any director (other than an alternate director) may (subject to any applicable regulation) appoint any other director to be an alternate director and may remove from office an alternate director so appointed by him. Regulation 65 shall not apply.
- 22.2. A director may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the directors or any Committee of the directors to one vote for every director which he represents in addition to his own vote as a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- 22.3. An alternate director shall cease to be an alternate director if his appointor ceases for any reason to be a director. Regulation 67 shall not apply.
- 22.4. An alternate director so appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such may by notice in writing to the Company from time to time direct, but shall otherwise be subject to the provisions of these Articles with respect to directors.

23. DELEGATION OF DIRECTORS' POWERS

Save with the consent of the holders of the X Shareholders, the directors may only delegate to the Committees such of their powers as are necessary for each Committee to act in accordance with the terms of reference of that Committee adopted by the Board from time to time. The Committees which shall, subject always to Article 21, consist of such persons as are specified in the said terms of reference for the relevant Committee. Other than as expressly provided in this Article 23, directors cannot delegate any of their powers. Regulation 72 shall be modified accordingly.

24. APPOINTMENT AND RETIREMENT OF DIRECTORS

- 24.1. Subject to Articles 24.2(a) and 24.2(b), any member who is the only member of the Company, or any member or members holding in aggregate a majority in nominal value of the issued Ordinary Shares for the time being of the Company, by memorandum in writing signed by or on behalf of him or them and delivered to the office or tendered at a meeting of the directors or at a general meeting of the Company may at any time and from time to time appoint any person to be a director either to fill a vacancy or as an additional director or remove any director from office howsoever appointed. Any such removal from office shall be deemed to be an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

- 24.2. During the following periods, the holders of the X Shares and of the Y Shares (as set out below) shall be entitled at any time and from time to time to appoint the following number of directors of the Company and to remove from office any person so appointed and (subject to such removal if required) to appoint another person in his place:
- (a) during the Initial Period the X Shareholder and the Y Shareholder shall be entitled to appoint a maximum of six (6) directors each; and
 - (b) during the Subsequent Period, the X Shareholder and the Y Shareholder shall be entitled to appoint a maximum of four (4) directors each.
- 24.3. At the expiry of the Initial Period, the X Shareholder and the Y Shareholder shall each remove such number of its appointed directors so as to comply with any restriction on the number of directors in these Articles and such directors shall be required to retire.
- 24.4. Any appointment or removal of an X Director and a Y Director shall be by signed instrument in writing served on the Company by or on behalf of the X Shareholder in the case of an X Director and by or on behalf of the Y Shareholder in the case of a Y Director and shall take effect on and from the date on which such instrument is lodged or deposited at the registered office of the Company.
- 24.5. Subject to Articles 21.1, 21.2 and 24.2, any person may be appointed a director by the directors either to fill a vacancy or as an additional director.
- 24.6. In any case where as the result of the death of a sole member of the Company the Company has no members and no directors, the personal representatives of such deceased member shall have the right by memorandum in writing signed by or on behalf of him or them and delivered to the office to appoint a person to be a director of the Company and such appointment shall be as effective as if made pursuant to Article 24.2.
- 24.7. No director shall be required to retire by rotation.
- 24.8. Regulations 76 to 79 (inclusive) and the last sentence of Regulation 84 shall not apply.

25. DISQUALIFICATION OF DIRECTORS

The office of a director shall be vacated not only upon the happening of any of the events mentioned in Regulation 81 but also if he is removed from office pursuant to these Articles. Regulation 81 shall be modified accordingly.

26. DIRECTORS' GRATUITIES AND PENSIONS

- 26.1. Subject to Article 5.2, the directors, on behalf of the Company, may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or

pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director who holds or has held any executive office or employment with the Company or with any body corporate which is or has been a Subsidiary of the Company or with a predecessor in business of the Company or of any such Subsidiary and may contribute to any fund and pay premiums for the purchase or provision of any such benefit. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company. Regulation 87 shall not apply.

- 26.2. The directors may by resolution exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its Subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

27. PROCEEDINGS OF DIRECTORS

- 27.1. Notice of Board meetings (including an agenda containing in reasonable detail the matters to be discussed (the **Agenda**) at the meeting and copies of any relevant papers or documents to be discussed at such Board meeting) shall be given to each director at such address as he shall from time to time notify to the Company for this purpose. In the case of urgent business a director may by facsimile or otherwise in writing waive his right to receive notice.
- 27.2. Unless the particular matter is immaterial, only matters on the Agenda and business in relation to such Agenda may be raised, discussed and/or resolved upon at a Board meeting. The provisions of this Article 27.2 shall not apply to the extent that all directors so agree in writing.
- 27.3. Notice of a meeting to be given to any director may be given by electronic communication and shall be sent to the director's last known address or another address given to the Company for this purpose.
- 27.4. It shall not be necessary to give notice of a meeting to a director who is absent from United Kingdom unless he provides an address outside the United Kingdom at which notices of meetings can be given to him. Regulation 88 shall be modified accordingly. Regulation 88 shall also be modified by adding the sentence: "If a disagreement arises at a meeting of the board, the chairman shall use his best efforts to reconcile the different opinions of the directors. If he is unsuccessful, the matter shall be decided by a simple majority vote of those present or represented including, if necessary, by use of the chairman's additional vote."

- 27.5. The quorum necessary for the transaction of business of the directors shall be three directors, consisting of at least one X Director and one Y Director.

A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum for the purposes of the number of directors and the identity of directors. Regulation 89 shall not apply.

- 27.6. Without prejudice to the first sentence of Regulation 88, meetings of the board may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without the need for a director to be in the physical presence of the other directors and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. A meeting conducted by the aforesaid means is deemed to be held at the place agreed upon by the directors attending the meeting, provided that at least one (1) of the directors participating in the meeting was at that place for the duration of the meeting. The word "meeting" in these Articles and in Table A shall be construed accordingly.

- 27.7. The X Shareholder may appoint a Director to be the Chairman of the board of directors and may at any time remove him from that office and appoint another Director in his stead. No chairman shall be entitled to compensation or any other payment whatsoever for the loss of office as chairman. Regulation 91 shall be amended accordingly.

- 27.8. A resolution in writing which is signed by or on behalf of all the directors who would have been entitled to receive notice of and vote on the resolution at a meeting of directors or subject always to these Articles of a committee of directors shall be as valid and effective as if the resolution had been passed by those directors at a meeting of directors or (as the case may be) of a committee of directors duly convened and held. The resolution may consist of one or more copies of the same document if each copy is signed by or on behalf of one or more directors and any copy may be a fax copy of a signed resolution or a copy resolution with an electronic signature. Article 1.5 and Regulation 93 shall be modified accordingly.

- 27.9. Nothing in these Articles or Table A shall prevent the entry into or performance of a Relevant Person Slip or Relevant Person Binding Authority but otherwise the provisions of Table A (including without limitation Regulations 94 or 96) shall apply.

28. SUBSIDIARY UNDERTAKINGS AND SUBSIDIARIES

The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and its Subsidiaries and Subsidiary Undertakings so as

to secure (but as regards its Subsidiaries and Subsidiary Undertakings only insofar as by the exercise of such rights or powers of control the Board can secure) that:

- (a) no shares or other securities are issued or allotted by any such Subsidiary or Subsidiary Undertaking and no rights are granted which might require the issue of any such shares or securities otherwise than to the Company or one of its wholly-owned Subsidiaries; and
- (b) neither the Company nor any of its Subsidiaries or Subsidiary Undertakings transfers or disposes of any shares or securities of any Subsidiary or Subsidiary Undertaking or any interest therein or any rights attached thereto otherwise than to the Company or one of its wholly owned Subsidiaries,

without in either case the previous consent in writing of the X Shareholder and the Y Shareholder.

29. DIVIDENDS

- 29.1. In any Financial Year, the Available Profits of the Company shall be used to pay dividends as set out in this Article 29.
- 29.2. The Company shall, subject to Article 29.3 and before application of any Available Profits to reserve or for any other purpose, pay the holder of the Preference Share the Principal Amount plus all and any Principal Amount Interest (the **Preferred Dividend**). Subject to Article 29.3, the Company shall pay such amount of the Preferred Dividend as the Shareholders determine from time to time by ordinary resolution within 2 Business Days of such resolution to the person registered as the holder of the Preference Share on the date of the resolution (the **Due Date**).
- 29.3. The board shall at all times that the Company has Available Profits declare Preferred Dividends of the maximum amount that the Company can pay subject to ensuring that payment of the dividend will not result in the Company having a margin of less than £100,000 Net Assets in excess of its Capital Resources Requirement.
- 29.4. The Preferred Dividend shall be paid in cash.
- 29.5. Unless the Company has insufficient Available Profits, the Preferred Dividend shall be paid immediately on the Due Date. Such payment shall be made notwithstanding Regulations 102 to Regulation 108 inclusive of Table A or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting.
- 29.6. If the Preferred Dividend is not paid on the Due Date, it shall immediately become a debt due by the Company and shall be payable in priority to any other dividend. All accrued

but unpaid dividends (including without limitation the Preferred Dividend) shall be paid immediately before an Exit.

- 29.7. If the Company is in arrears in paying the Preferred Dividend, the first Available Profits arising shall be applied, in or towards paying off all or part of any arrears of the Preferred Dividend.
- 29.8. Subject to the Companies Acts, on an Exit, if the Company has insufficient Available Profits to pay the Preferred Dividend, it shall, if the X Shareholder so elects in writing, by way of special dividend and in lieu of the accrued dividends (including without limitation the Preferred Dividend and all Principal Amount Interest) that the Company is prohibited from paying, allot to the holder of the Preference Share in respect of which the Company is prohibited from paying dividends, by way of capitalisation of reserves, such number of X Shares (disregarding any fraction of a share) as shall have an aggregate Realisation Price equal to the said unpaid dividend.
- 29.9. The Company shall procure that the profits of any other Group Company available for distribution shall from time to time (and to the extent that it is lawful to do so), be paid by way of dividend to the Company (or, as the case may be the relevant Group Company that is its immediate holding company or Parent Undertaking) as are necessary to permit lawful and prompt payment by the Company of the Preferred Dividend by the Company.
- 29.10. No dividend shall be payable to the holders of the Ordinary Shares until the full amount of the Principal Amount plus all Principal Amount Interest has been paid to the holder of the Preference Share. Once the full amount of the Principal Amount plus all Principal Amount Interest has been paid to the holder of the Preference Share, subject to the Companies Acts and these Articles, the Board may pay interim dividends to the holders of the Ordinary Shares if the Available Profits for the relevant period justify such payment.
- 29.11. Each dividend other than the Preferred Dividend shall be distributed to the holders of the Ordinary Shares pro rata according to the number of shares held by them respectively.
- 29.12. No dividend shall be paid in respect of the Z Share.

30. DISTRIBUTION ON LIQUIDATION

- 30.1. On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares) prior to redemption of the Preference Share, the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be applied in the following order of priority:

- (a) first, in paying to the holders of Preference Shares a sum equal to any arrears and accruals of the Preferred Dividend calculated up to and including the date of the return of capital; and if any amount remains
- (b) second, in paying the X Shares and the Y Shares pro rata as to their percentage shareholdings as if they constituted one and the same class of shares for these purposes.

30.2. The holder of the Z Share shall not participate in the assets of the Company on winding-up.

31. NOTICES

31.1. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address outside the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address. Regulation 112 shall be modified accordingly.

31.2. Any notice or other document may be served on or delivered to any person or persons entitled to a share in consequence of the death or bankruptcy of a member by the Company in any manner which would be permitted by these Articles if the person or persons concerned were a member or were members and either addressed to him or them by name or by the title of representatives of the deceased or trustee of the bankrupt or by any like description at the address (if any) within the United Kingdom supplied by him or them for that purpose. Until such address has been supplied, a notice or other document may be served on or delivered to the person or persons so entitled in any manner in which it might have been served or given if the death or bankruptcy had not occurred. Regulation 116 shall not apply.

31.3. Any notice to be given by any person pursuant to these Articles if sent to an address outside the United Kingdom, may be sent by courier, by facsimile transmission, by electronic communication or by post. Such notice will be deemed to be served, if delivered by courier, when delivered, if sent by facsimile or electronic communication, at the expiration of 24 hours after sending and, if sent by post, at the expiration of three (3) Business Days after posting. Any notice sent to an address within the United Kingdom may be delivered personally, by first class pre-paid letter, by facsimile or by electronic communication and will be deemed to be served, if delivered personally during business hours, when delivered, if sent, by first class pre-paid post or by facsimile or by electronic communication at the expiration of 24 hours after posting or sending. Regulation 115 shall be modified accordingly. Notwithstanding anything in these Articles or Table A, a

notice to an X Shareholder shall only be served or deemed served on it upon actual receipt.

32. INDEMNITY

- 32.1. Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him as such director or other officer or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability. Regulation 118 shall not apply.
- 32.2. The directors shall have power to purchase and maintain for any director, officer or auditor of the Company, insurance against any such liability as is referred to in sections 232(2) and 532(1)(b) of the 2006 Act.