

COMPANY NUMBER 09036391

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

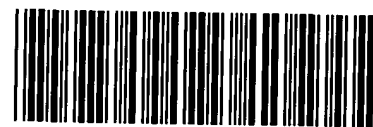
ARTICLES OF ASSOCIATION

of

CHC WEALTH MANAGEMENT LIMITED

(Adopted by written resolution passed on 24 February 2023 )

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## 1 Interpretation

1.1 In these Articles, the following words have the following meanings:

<b>Accounts</b>	the accounts of the Company.
<b>Act</b>	the Companies Act 2006.
<b>A Director</b>	any director appointed to the Company by the holders of the A Ordinary Shares.
<b>Adoption Date</b>	the date of adoption of these Articles.
<b>A Ordinary Share</b>	an ordinary share of £1 each in the capital of the Company designated as an A ordinary share.
<b>Appointor</b>	has the meaning given in Article 12.1.
<b>Articles</b>	the Company's articles of association for the time being in force.
<b>Bad Leaver</b>	a Departing Employee Shareholder, who is not a Good Leaver.
<b>Board</b>	the board of directors of the Company as constituted from time to time.
<b>B Director</b>	any director appointed to the Company by the holders of the B Ordinary Shares.
<b>B Ordinary Share</b>	an ordinary share of £1 each in the capital of the Company designated as a B ordinary share.
<b>Business</b>	the business of providing independent financial and wealth management advice carried on by the Company.
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business.
<b>Business Sale</b>	the sale of (or the grant of a right to acquire or to dispose of all or substantially all of the Business and assets of the Company (in one transaction or a series of transactions).

<b>Conflict</b>	has the meaning given in Article 9.1.
<b>Connected Person</b>	has the meaning given by Section 993 of the Income Tax Act 2007.
<b>Continuing Shareholder</b>	has the meaning given in Article 17 (as relevant).
<b>Controlling Interest</b>	an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.
<b>C Ordinary Share</b>	an ordinary share of £1 each in the capital of the Company designated as a C ordinary share.
<b>Departing Employee Shareholder</b>	an Employee Shareholder who ceases to be a director and/or an employee of the Company.
<b>directors</b>	the directors of the Company from time to time.
<b>Eligible Director</b>	a director who would be entitled to vote on a matter at a meeting of directors (but excluding a director whose vote is not to be counted in respect of the particular matter).
<b>Employee Shareholder</b>	a holder of Equity Shares who is or has been a director and/or employee of the Company.
<b>Encumbrances</b>	means and includes any interest or equity of any person (including without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property.
<b>Expert</b>	a suitably qualified individual or an independent firm of accountants appointed by the shareholders or, in the absence of agreement between the shareholders on the expert or his terms of appointment, within 10 Business Days of a shareholder serving details of a suggested expert on the others, an independent firm of accountants appointed, and whose terms of appointment are agreed, by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (acting as an expert and not as an arbitrator).
<b>Equity Shares and Equity Share Capital</b>	means the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares for the time being in issue.

<b>Financial Year</b>	a financial year of the Company being a period commencing 1st April and ending on the following 31st March or such other date as is notified to the Registrar of Companies from time to time.
<b>Good Leaver</b>	<p>an Employee Shareholder who becomes a Departing Employee Shareholder:-</p> <ul style="list-style-type: none"> <li>(a) by reason of death;</li> <li>(b) by reason of permanent disability or permanent incapacity through ill health; or</li> <li>(c) by reason of retirement at 65 years of age or over.</li> </ul>
<b>Interested Director</b>	has the meaning given in Article 9.1.
<b>Market Value</b>	in relation to shares, as determined in accordance with Article 17.17.
<b>Model Articles</b>	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.
<b>Net Profit</b>	the profit after taxation of the Company calculated and shown in the profit and loss account of the Company for the relevant Financial Year.
<b>Obligatory Transfer Event</b>	has the meaning given in Article 17.1.

**Proportionate Entitlement****means:-**

- (i) in respect of the B Ordinary Shares, the percentage calculated by taking the dividends/profits paid out on the B Ordinary Shares and dividing it by the dividends/profits paid out on the B Ordinary Shares and the C Ordinary Shares in aggregate;
- (ii) in respect of the C Ordinary Shares, the percentage calculated by taking the dividends/profits paid out on the C Ordinary Shares and dividing it by the dividends/profits paid out on the C Ordinary Shares and the B Ordinary Shares in aggregate;

as an average over the three Financial Years immediately preceding the date of the Share Sale or Business Sale (as relevant).

**Relevant Proportion****means:-**

- (i) in respect of the B Ordinary Shares, the percentage calculated by taking the value of initial fees, advisor charges and commission received as a result of introductions by the holders of the B Ordinary Shares or their business associates and employees, and dividing it by the total value of the initial fees, advisor charges and commission received as a result of introductions by the holders of the B Ordinary Shares and the C Ordinary Shares, and their respective business associates and employees.
- (ii) in respect of the C Ordinary Shares, the percentage calculated by taking the value of initial fees, advisor charges and commission received as a result of introductions by the holders of the C Ordinary shares or their business associates and employees, and dividing it by the total value of the initial fees, advisor charges and commission received as a result of introductions by the holders of the B Ordinary Shares and C Ordinary shares, and their respective business associates and employees.

in the relevant Financial Year.

<b>Shareholder</b>	means a person who is the holder of shares of any class in the Company.
<b>Shares</b>	means shares of any class in the Company.
<b>Share Sale</b>	the sale of (or the grant of a right to acquire or to dispose of) the entire issued share capital of the Company (in one transaction or a series of transactions).
<b>Termination Date</b>	<p>(a) where employment ceases by virtue of notice given by the employer to the employee the date on which such notice expires;</p> <p>(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;</p> <p>(c) where an Employee Shareholder dies, the date of his death;</p> <p>(d) where an Employee Shareholder concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated; or</p> <p>(e) in any other case, the date on which the employment or holding of office is terminated.</p>
<b>Transfer Notice</b>	a notice in writing given by any shareholder where the shareholder is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares. Where such notice is deemed to have been served it shall be referred to as a <b>Deemed Transfer Notice</b> .
<b>Writing or written</b>	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, save that, for the purposes of Article 16, Article 17 and Article 18 "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

- 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 but excluding any statutory modification of them not in force on the Adoption Date.

- 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 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.6 Save as expressly provided otherwise in these Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.

## **2 Adoption of the Model Articles**

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Articles 6(2), 8, 9(1), 11 to 14 (inclusive), 17(2), 26(5), 27 to 29 (inclusive), 38, 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 2.3 Article 7 of the Model Articles shall be amended by:-
  - (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
  - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 2.4 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors and the secretary)" before the words "properly incur".
- 2.5 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.6 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide".

## **Directors**

### **3 Directors' Meetings**

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with Article 4.
- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

- 3.3 All decisions made at any meeting of the directors (or of any committee of the directors) shall be made only by resolution and resolutions at any meeting of the directors (or committee of the directors) shall be decided by a majority of votes.
- 3.4 If at any time at or before any meeting of the directors (or of any committee of the directors) any director participating should request that the meeting be adjourned or reconvened to another time or date (whether to enable further consideration to be given to any matter or for other directors to participate or for any other reason, which need not be stated) then such meeting shall be adjourned or reconvened accordingly, and no business shall be conducted at that meeting after such a request has been made. No meeting of directors may be adjourned pursuant to this article more than once.
- 3.5 The provisions of Article 7 shall apply equally to meetings of any committee of the directors as to meetings of the directors.

#### **4 Unanimous Decisions of Directors**

- 4.1 A unanimous 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.
- 4.2 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.
- 4.3 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.

#### **5 Number of Directors**

The number of directors shall not be less than one or more than 3 made up of at least one A Director and one B Director. No shareholding qualification for directors shall be required.

#### **6 Calling a Directors' Meeting**

- 6.1 Any director may call a meeting of directors by giving not less than 10 Business Days' notice of the meeting (or such shorter period of notice as agreed in writing by the directors) to each director or by authorising the Company secretary (if any) to give such notice.
- 6.2 Notice of any directors' meeting must be accompanied by:
  - 6.2.1 an agenda specifying in reasonable detail the matters to be raised at the meeting; and
  - 6.2.2 copies of any papers to be discussed at the meeting.
- 6.3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors present agree in writing.

#### **7 Quorum for Directors' Meetings**

- 7.1 Subject to Article 7.2 the quorum at any meeting of the directors (including adjourned meetings) shall be one Eligible B Director (or his alternate). No Business shall be conducted at any meeting of the directors unless a quorum is present at the beginning of the meeting and also when that business is voted on. If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place.

At the adjourned meeting and subject to Article 7.2 that Eligible B Director shall constitute a quorum.

- 7.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 9 to authorise a Conflict (as defined in Article 9.1), of an A Director or a B Director (as relevant) or at which that A Director or B Director is not permitted to vote on any resolution in accordance with Article 9.3, the quorum for such meeting (or part of a meeting) shall be the remaining Eligible Directors in office other than the conflicted director(s), if there is only one Eligible Director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

## **8 Chairing of Directors' Meetings**

The Chairman of the directors shall chair the meetings of directors but for the avoidance of doubt he shall not have a casting vote.

## **9 Directors' Interests**

- 9.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 9.2 Any authorisation under this article will be effective only if:
- 9.2.1 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;
  - 9.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - 9.2.3 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.
- 9.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):
- 9.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 9.3.2 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;
  - 9.3.3 provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;



- 9.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - 9.3.5 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, he will 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
  - 9.3.6 permit the Interested Director to absent himself 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.
- 9.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
  - 9.5 The directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
  - 9.6 A director, notwithstanding his office, may be a director of or other officer or employed by or otherwise interested (including the holding of shares) in the shareholder who appointed time as a director of the Company and no authorisation under Article 9.1 shall be necessary in respect of any interest.
  - 9.7 Any B Director shall be entitled to disclose to the holders of the Ordinary Shares concerning the business and affairs of the Company as he shall at his discretion see fit.
  - 9.8 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 he derives 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 and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
  - 9.9 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
  - 9.10 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under Article 9.9.
  - 9.11 Subject, where applicable, to any terms and conditions imposed by the directors in accordance with Article 9.3, and provided a director has 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:

- 9.11.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
  - 9.11.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
  - 9.11.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
  - 9.11.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
  - 9.11.5 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
  - 9.11.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, 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.
- 9.12 For the purposes of Article 9.11 references to proposed decisions and decision making processes include any directors meeting or part of a directors' meeting.
- 9.13 If a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes; the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any director is to be final and conclusive.

## **10 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 paper form, so that they may be read with the naked eye.

## **11 Appointment of Directors**

- 11.1 The holder(s) of the A Ordinary Shares for the time being shall be entitled to appoint one A Director.
- 11.2 The holder(s) of the B Ordinary Shares for the time being shall be entitled to appoint one B Director.

- 11.3 Any A Director may at any time be removed from office by the holder(s) of the A Ordinary Shares.
- 11.4 Any B Director may at any time be removed from office by the holder(s) of the B Ordinary Shares.
- 11.5 Any director who is an employee of the Company and who ceases to be an employee shall be removed from office from the date his employment ceases.
- 11.6 If any A Director or, B Director shall die or be removed from or vacate for any cause, the holder(s) of the A Ordinary Shares, (in the case of an A Director) or the holder(s) of the B Ordinary Shares (in the case of a B Director) shall appoint in his place another person to be an A Director or a B Director (as the case may be).
- 11.7 Any appointment or removal of a director pursuant to this Article shall be in writing and signed by or behalf of the holder(s) of the A Ordinary Shares and the B Ordinary Shares (as the case may be) and served on each of the other shareholders and the Company at its registered office, or delivered to a duly constituted meeting of the directors of the Company and on the director, in the case of his removal.. Any appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 11.8 The right to appoint and to remove A or B Directors under this Article shall be a class attaching to the A Ordinary Shares and the B Ordinary Shares respectively.
- 11.9 In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case maybe) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

## 12 Alternate Directors

- 12.1 Any director (other than an alternate director) (in this article, **the Appointor**) may appoint any other director, or any other person approved by resolution of the directors to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor. In these Articles, where the context so permits, reference to a director shall include an alternate director appointed by a director (as the case may be).
- 12.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors.
- 12.3 The notice must:
- 12.3.1 identify the proposed alternate; and
  - 12.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.
- 12.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.

12.5 Except as the Articles specify otherwise, alternate directors:

- 12.5.1 are deemed for all purposes to be directors;
- 12.5.2 are liable for their own acts and omissions;
- 12.5.3 are subject to the same restrictions as their Appointors; and
- 12.5.4 are not deemed to be agents of or for their Appointors,

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a member.

12.6 A person who is an alternate director but not a director:

- 12.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating); and
- 12.6.2 may participate in a unanimous decision of the directors (but only if his appointor is an Eligible Director in relation to that decision, and does not himself participate); and
- 12.6.3 shall not be counted as more than one director for the purposes of Articles 12.6.1 and 12.6.2.

12.7 A director who is also an alternate director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the directors (provided that his Appointor is an Eligible Director in relation to that decision).

12.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

12.9 An alternate director's appointment as an alternate terminates:

- 12.9.1 when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 12.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director;
- 12.9.3 on the death of the alternate's Appointor; or
- 12.9.4 when the alternate director's Appointor ceases to be a director for whatever reason.

## **Shares**

### **13 Share Capital**

- 13.1 Except as otherwise provided in these Articles, the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares, shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 13.2 The Ordinary A Shares, the Ordinary B Shares and the Ordinary C shares shall each be entitled to receive in respect of the relevant class of shares such dividends as the directors may from time to time declare in respect of that class of shares. For the avoidance of doubt the directors may declare differential dividends in respect of different classes of Equity Shares subject to compliance with the Act.
- 13.3 Other than the circumstances set out in Article 13.7 below, on a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares shall be entitled (to the extent that the Company is lawfully able to do so) to repayment of the nominal amounts paid up on such shares; and the surplus assets of the Company remaining after the payment of its liabilities (*pari-passu* as if they constituted one class of shares) shall be distributed to the holder(s) of the A Ordinary Shares and the total of the B Ordinary Shares and the C Ordinary Shares (*pari passu* as if they constituted one class of share) in proportion to the number of A Ordinary Shares, and the total of the B Ordinary Shares and C Ordinary Shares held by them respectively.
- 13.4 On the transfer or issue of any shares to a shareholder as permitted by these Articles, the same shall convert to the class of shares the relevant shareholder already holds and, subject thereto a share transferred or issued to a non-shareholder shall remain of the same class as before the transfer or issue.
- 13.5 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, shareholders of that class or directors appointed by that class (if any).
- 13.6 The proceeds of a Share Sale or a Business Sale up to £270,000 shall be distributed as set out in Article 13.7.
- 13.7 The proceeds of a Share Sale or a Business Sale exceeding £270,000 shall be distributed as follows:-
- 13.7.1 the proceeds up to £270,000 to the holder(s) of the B Ordinary Shares and the C Ordinary Shares equally;
  - 13.7.2 25% of the proceeds exceeding £270,000 to the holder(s) of the A Ordinary Shares; and
  - 13.7.3 the remainder of the proceeds to the holder(s) of the B Ordinary Shares and the C Ordinary Shares respectively in their respective Proportionate Entitlements.

### **14 Further Issues of Shares: Authority**

Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company.

## **15 Further Issues of Shares : Pre-emption Rights**

- 15.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined) in section 560(1) of the Act) made by the Company.
- 15.2 Unless otherwise agreed by special resolution of the shareholders, if the Company proposes to allot equity securities those equity securities shall not be allotted to any person unless the Company has first offered them to all shareholders on the date of the offer on the same terms, and on a pari passu and pro rata basis to the number of shares held by those holders (as nearly as possible without involving fractions). The offer:
- (a) shall be in writing, shall be open for acceptance for a period of 15 Business Days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
  - (b) may stipulate that any shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe.
- 15.3 Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with Article 15.2 shall be used for satisfying any requests, the Excess Securities shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to shareholders in accordance with Article 15.2 and be re-designated A Ordinary, B Ordinary or C Ordinary shares depending on the class of shares held by the applicants immediately before the offer was made (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the shareholders.
- 15.4 Subject to Articles 15.2 and 15.3 and to section 551 of the Act, any equity securities shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 15.5 No share shall be allotted to any employee, director, prospective employee or director unless such person has entered into a joint election with the Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

## **16 Transfer of shares**

- 16.1 In this Article, references to a transfer of a share include the transfer or assignment of a beneficial or other interest in that share or the creation of a trust or encumbrance over that share and reference to a share includes a beneficial or other interest in a share.
- 16.2 No share shall be transferred and the directors shall refuse to register a transfer of any share unless the transfer is made in accordance with these Articles or is approved in writing by the holder(s) of the B Ordinary Shares and the holder(s) of the C Ordinary Shares respectively.

- 16.3 If a shareholder transfers (or purports to transfer) a share other than in accordance with these Articles he shall be deemed immediately to have served a Transfer Notice in respect of all shares held by him.

## **17 Obligatory Transfer Event**

- 17.1 Unless the Board agrees otherwise, if anything mentioned in this sub-Article happens to a shareholder it is an Obligatory Transfer Event in respect of that party:

- 17.1.1 a petition is presented, or an order is made, for the shareholder's bankruptcy;
- 17.1.2 an application to the court is made under section 253 of the Insolvency Act 1986 where the shareholder intends to make a proposal to his creditors for a voluntary arrangement;
- 17.1.3 the shareholder makes an individual voluntary arrangement with his creditors on agreed terms pursuant to section 263A of the Insolvency Act 1986;
- 17.1.4 the shareholder convenes a meeting of his creditors or takes any other steps with a view to making an arrangement or composition in satisfaction of his creditors generally;
- 17.1.5 the shareholder is unable to pay his debts as they fall due within the meaning of section 268 of the Insolvency Act 1986;
- 17.1.6 any encumbrancer takes possession of, or a receiver is appointed over or in relation to, all of the shareholder's assets;
- 17.1.7 the court has made an order or appointed a deputy under section 16 of the Mental Capacity Act 2005;
- 17.1.8 an Employee Shareholder becomes during his lifetime a Departing Employee Shareholder;
- 17.1.9 an Employee Shareholder dies;
- 17.1.10 the passing of a resolution for the liquidation of the shareholder other than a solvent liquidation for the purpose of the reconstruction or amalgamation of all or part of the shareholder's group (the structure of which has been previously approved by the other shareholder in the Company in writing) in which a new company assumes (and is capable of assuming) all the obligations of the shareholder;
- 17.1.11 the presentation at court by any competent person of a petition for the winding up of the shareholder and which has not been withdrawn or dismissed within seven days of such presentation; or
- 17.1.12 a change of control (as control is defined in section 1124 of the Corporation Tax Act 2010) of the shareholder; or
- 17.1.13 the issue at court by any competent person of a notice of intention to appoint an administrator to the shareholder, a notice of appointment of an administrator to the shareholder or an application for an administration order in respect of the shareholder; or

- 17.1.14 any step is taken by any person to appoint a receiver, administrative receiver or manager in respect of the whole or a substantial part of the assets or undertaking of the shareholder; or
- 17.1.15 the shareholder being unable to pay its debts as they fall due for the purposes of section 123 of the Insolvency Act 1986; or
- 17.1.16 the shareholder entering into a composition or arrangement with its creditors; or
- 17.1.17 any chargor taking any step to enforcing any charge created over any shares held by the shareholder in the Company (other than by the appointment of a receiver, administrative receiver or manager); or
- 17.1.18 a process having been instituted that could lead to the shareholder being dissolved and its assets being distributed among the shareholder's creditors, shareholders or other contributors; or
- 17.1.19 the shareholder ceasing to carry on its business or substantially all of its business; or
- 17.1.20 the happening in relation to a party of any event analogous to any of the above in any jurisdiction in which it is resident, carries on business or has assets.

#### **A Ordinary Shares**

- 17.2 Where an Obligatory Transfer Event happens to a party holding A Ordinary Shares (in this Article 17 **the Seller**) it shall give notice of it to the Company as soon as possible and, if it does not, it is deemed to have given notice of the Obligatory Transfer Event to the Company on the date on which the other parties become aware of the Obligatory Transfer Event (**Notice of Obligatory Transfer Event**). A Notice of Obligatory Transfer Event appoints the Company the agent of the Seller for the sale of all the Seller's shares in the Company (**Sale Shares**) and such Notice of Obligatory Transfer Event shall take effect as a Transfer Notice to the Company and the Seller shall deposit with the Board the Share Certificate in respect of the Sale Shares.
- 17.3 A Transfer Notice appoints the Board the agent of the Seller for the sale of the Sale Shares at the relevant Transfer Price (as set out below) and within 5 Business Days of receipt of a Transfer Notice the Board shall serve a copy of the same on each of the directors.
- 17.4 Where the Departing Employee Shareholder is a Bad Leaver, the Transfer Notice shall take effect on the basis that the Transfer Price shall be the nominal value of the Sale Shares (excluding any premium).
- 17.5 Where the Departing Employee Shareholder is a Good Leaver, the Transfer Price shall be a sum equal to 25% of the value of the Business in excess of £270,000. The value of the Business will be agreed in writing between the Seller and the Board based on renewal and fund based commission income and by reference to industry norms and is subject to the Business being in a position to trade for the foreseeable future which assessment shall be made by the holder(s) of the B Ordinary Shares and the C Ordinary Shares acting reasonably but in their absolute discretion. For the avoidance of doubt if the value of the [Business] is less than £270,000 the Transfer Price shall be the nominal value of the Sale Shares (excluding any premium). In the absence of



agreement of the Transfer Price within 15 Business Days after service of the Transfer Notice an Expert shall be appointed to determine the Transfer Price of the Sale Shares.

- 17.6 If any problem arises in applying any of the assumptions set out in Article 17.5, the Expert shall resolve the problem in whatever manner he shall, in his absolute discretion, think fit.
- 17.7 The Expert shall be requested to determine the Transfer Price of the Sale Shares within 20 Business Days of his appointment and to notify the Board in writing of his determination and the Transfer Price shall be such value as is determined by the Expert (**the Expert's Determination**).
- 17.8 The Board shall promptly give to the Expert such information and assistance as the Expert may reasonably request relating to carrying out his valuation. In acting as aforesaid the Expert shall be acting as an expert and not as an arbitrator and the fees and expenses of the Expert shall be paid as to one-half by the Seller and as to the balance by the purchaser or if there is more than one, the purchasers of the Sale Shares in proportion to the number of the Sale Shares respectively purchased by him or them. Upon receipt of the Experts Determination, the Board shall inform the Seller of the Transfer Price in writing but the Seller shall have no right to revoke the Transfer Notice.
- 17.9 If the determination of the Transfer Price is referred to the Expert the date of determination of the Transfer Price (**Determination Date**) shall be the date 15 Business Days following the date upon which the Board receives the Expert's Determination in writing. If the Transfer Price is determined by written agreement between the Seller and the Board as aforesaid then the Determination Date shall be the date of such agreement.
- 17.10 Following the Determination Date the Board shall forthwith offer the Sale Shares to the Company for repurchase at the Transfer Price subject to compliance with the applicable provisions under the Act relating to the purchase by a company of its own shares. Such offer shall limit a period not being more than 3 months after the Determination Date within which the offer shall be accepted or in default shall be deemed to have been declined (**Company Offer Period**). In the event the offer is accepted in whole or in part the Company shall, subject to compliance with the Act, complete the purchase as soon as reasonably practicable.
- 17.11 If the Sale Shares are not accepted for purchase by the Company within the Company Offer Period, the Board shall forthwith offer the A Ordinary Shares to the holder(s) of B Ordinary Shares and C Ordinary Shares (**Continuing Shareholders**), inviting them to apply in writing within 20 Business Days of the date of the offer (**First Offer Period**) for the maximum number of A Ordinary Shares, they wish to buy. Such offer shall be in writing and give details of the number and Transfer Price of the A Ordinary Shares offered.

If, at the end of the First Offer Period, the number of A Ordinary Shares applied for is equal to or exceeds the number of A Ordinary Shares, the Board shall allocate the A Ordinary Shares to each Continuing Shareholder who has applied for A Ordinary 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 A Ordinary Shares. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of A Ordinary Shares which he has stated he is willing to buy.

If only some of the A Ordinary Shares are allocated in accordance with this Article, but there are applications for A Ordinary Shares that have not been satisfied, those A Ordinary Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in this Article 17.11.

If, at the end of the First Offer Period, the total number of A Ordinary Shares applied for is less than the number of A Ordinary Shares the Board shall allocate the A Ordinary Shares to the Continuing Shareholders in accordance with their applications. The balance (**Initial Surplus Shares**) shall be dealt with in accordance with Article 17.11.

- 17.12 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Continuing Shareholders, inviting them to apply in writing within 20 Business Days of the date of the offer (**Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that his existing holding of B Ordinary Shares and C Ordinary Shares bears to the total number of B Ordinary Shares and C Ordinary Shares held by those Continuing Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications. The balance (**Second Surplus Shares**) shall be dealt with in accordance with Article 17.13.

- 17.13 The Second Surplus Shares shall for a period of 20 Business Days after expiry of the Second Offer Period be at the disposal of the directors who may offer the same at the Transfer Price to any person as they in their absolute discretion shall think fit.

- 17.14 On the service of an Allocation Notice, the Seller shall, against payment of the Consideration, transfer the A Ordinary Shares allocated in accordance with the requirements specified in the Allocation Notice.

If the Seller fails to comply with the requirements of the Allocation Notice:

- 17.14.1 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:

17.14.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant A Ordinary Shares to the Applicants;

17.14.1.2 receive the Consideration and give a good discharge for it; and

17.14.1.3 (subject to the transfers being duly stamped) enter the Applicants in the register of shareholders as the holders of the A Ordinary Shares purchased by them; and

- 17.14.2 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.

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

#### **B Ordinary Shares and C Ordinary Shares**

- 17.16 Where an Obligatory Transfer Event happens to a party holding B Ordinary Shares or C Ordinary Shares respectively (in this Article 17 **the Seller**) it shall give notice of it to the Company as soon as possible and, if it does not, it is deemed to have given notice of the Obligatory Transfer Event to the Company on the date on which the other parties become aware of the Obligatory Transfer Event (**Notice of Obligatory Transfer Event**). A Notice of Obligatory Transfer Event appoints the Company the agent of the Seller for the sale of all the Seller's shares in the Company (**Sale Shares**) and such Notice of Obligatory Transfer Event shall take effect as a Transfer Notice to the Company and the Seller shall deposit with the Board the Share Certificate in respect of the Sale Shares.
- 17.17 The Transfer Notice shall take effect on the basis that it does not state a price for the Sale Shares and the Board shall refer the same to the Expert for valuation forthwith upon the Obligatory Transfer Event coming to their notice and the Transfer Price of the Sale Shares shall be the value that the Expert certifies to be the market value in his opinion based on the following assumptions:
- 17.17.1 the existing rights in respect of the division of sale proceeds under Articles 13.3 and 13.7;
  - 17.17.2 the sale is on an arms length basis, between a willing buyer and a willing seller on the open market;
  - 17.17.3 if the Company is then carrying on its business as a going concern, on the assumption that it shall continue to do so;
  - 17.17.4 the Sale Shares are sold free of all Encumbrances; and
  - 17.17.5 to take account of any other factors that the Expert reasonably believes should be taken into account (including (if relevant) that the Sale Shares represent a minority interest in the Company).
- 17.18 If any problem arises in applying any of the assumptions set out in Article 17.17, the Expert shall resolve the problem in whatever manner he shall, in his absolute discretion, think fit.
- 17.19 The Expert shall be requested to determine the Transfer Price of the Sale Shares within 20 Business Days of his appointment and to notify the Board in writing of his determination and the Transfer Price shall be such value as is determined by the Expert (**the Expert's Determination**).

- 17.20 The Board shall promptly give to the Expert such information and assistance as the Expert may reasonably request relating to carrying out his valuation. In acting as aforesaid the Expert shall be acting as an expert and not as an arbitrator and the fees and expenses of the Expert shall be paid as to one-half by the Seller and as to the balance by the purchaser or if there is more than one, the purchasers of the Sale Shares in proportion to the number of the Sale Shares respectively purchased by him or them. If the Sale Shares are not sold all such fees and expenses shall be borne by the Seller.
- 17.21 Upon receipt of the Expert's Determination the Board shall forthwith inform the Seller in writing of the Transfer Price but the Seller shall have no right to revoke the Transfer Notice.
- 17.22 If the determination of the Transfer Price is referred to the Expert the date of determination of the Transfer Price (**Determination Date**) shall be the date 15 Business Days following the date upon which the Board receives the Expert's Determination in writing.
- 17.23 Following the Determination Date the Board shall forthwith offer the Sale Shares to the Company for repurchase at the Transfer Price subject to compliance with the applicable provisions under the Act relating to the purchase by a company of its own shares. Such offer shall limit a period not being more than 3 months after the Determination Date within which the offer shall be accepted or in default shall be deemed to have been declined (**Company Offer Period**). In the event the offer is accepted in whole or in part the Company shall, subject to compliance with the Act, complete the purchase as soon as reasonably practicable.
- 17.24 If all the Sale Shares are not accepted for purchase by the Company within the Company Offer Period, the Board shall:
- 17.24.1 If the Sale Shares are B Ordinary Shares and there is or are other B Ordinary Shareholder(s) forthwith offer the Sales Shares not so accepted to the remaining holder(s) of B Ordinary Shares.
- 17.24.2 If the Sale Shares are B Ordinary Shares and there are no other B Ordinary Shareholders forthwith offer the Sale Shares not so accepted to the holder(s) of C Ordinary Shares; and
- 17.24.3 If the Sale Shares are C Ordinary Shares forthwith offer the Sale Shares not so accepted to the holder(s) of B Ordinary Shares;

in each case (**Continuing Shareholders**), inviting them to apply in writing within 20 Business Days of the date of the offer (**First Offer Period**) for the maximum number of Sale Shares they wish to buy. Such offer shall be in writing and give details of the number and class and Transfer Price of the Sale Shares offered.

If, at the end of the First 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 B Ordinary Shares or C Ordinary Shares (as relevant) bears to the total number of B Ordinary Shares and C Ordinary Shares (as relevant) held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded to the nearest whole number. 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.

If only some of the Sale Shares are allocated in accordance with this Article, but there are applications for Sale Shares that have not been satisfied, those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in this Article 17.24.

If, at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (**Initial Surplus Shares**) shall be dealt with in accordance with Article 17.25.

- 17.25 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Shareholders of the other class (namely B Ordinary Shareholders if the Sale Shares are C Ordinary Shares or C Ordinary Shareholders if the Sale Shares are B Ordinary Shares) (**Remaining Shareholders**) inviting them to apply in writing within 20 Business Days of the date of the offer (**Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Remaining Shareholder who has applied for Initial Surplus Shares in the proportion that his existing holding of B Ordinary Shares or C Ordinary Shares (as relevant) bears to the total number of B Ordinary Shares or C Ordinary Shares (as relevant) held by those Remaining Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Remaining Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Remaining Shareholders in accordance with their applications. The balance (**Second Surplus Shares**) shall be dealt with in accordance with Article 17.26.

- 17.26 The Second Surplus Shares shall for a period of 20 Business Days after expiry of the Second Offer Period be at the disposal of the directors who may offer the same at the Transfer Price to any person as they in their absolute discretion shall think fit. If allocations under Article 17.24 and, if necessary, Article 17.25 and Article 17.26 have been made in respect of some or all of the Sale Shares the Board shall give written notice of allocation (**Allocation Notice**) to the Seller and each Continuing Shareholder or Remaining Shareholder or person pursuant to Article 17.26 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 5 Business Days and not more than 20 Business Days after the date of the Allocation Notice).

- 17.27 On the service of an Allocation Notice, the Seller shall, transfer the Sale Shares allocated in accordance with the requirements specified in the Allocation Notice immediately and the Seller shall be paid the consideration (together with interest on the unpaid balance at the rate of 6% per annum from the date of transfer) by 20 equal quarterly instalments the first such instalment to be made on the date falling 3 calendar months after the date of the transfer of the Sale Shares and each subsequent instalment to be paid at 3 monthly intervals thereafter.

If the Seller fails to comply with the requirements of the Allocation Notice:

17.27.1 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:

17.27.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

17.27.1.2 receive the Consideration and give a good discharge for it; and

17.27.1.3 (subject to the transfers being duly stamped) enter the Applicants in the register of shareholders as the holders of the Sale Shares purchased by them; and

17.27.2 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.

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

## **18 Drag Along**

18.1 Subject to Article 18.2, if the holders of 75% or more of the Equity Shares in issue for the time being (**Selling Shareholders**) wish to transfer all of their shares to a bona fide arm's length purchaser (**Proposed Buyer**), the Selling Shareholders may require the holder(s) of the remaining shares (**Called Shareholder(s)**) to sell and transfer all of their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).

18.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholder(s) (**Drag Along Notice**) at any time before the transfer of the Selling Shareholders shares to the Proposed Buyer. The Drag Along Notice shall specify:

18.2.1 that the Called Shareholder(s) is required to transfer all their Called Shares pursuant to this Article 19;

18.2.2 the person to whom the Called Shares are to be transferred;

18.2.3 the purchase price payable for the Called Shares which shall, for each Called Share, be an amount determined by the Expert as a fair price for that Called Share taking into account the amount payable for the Selling Shareholders and the rights attaching to the Called Shares; and

18.2.4 the proposed date of the transfer.

18.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if the Selling Shareholders have not sold their shares to the Proposed Buyer within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders

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

- 18.4 No Drag Along Notice shall require the Called Shareholder(s) to agree to any terms except those specifically set out in this Article 19.
- 18.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Selling Shareholders shares unless:
- 18.5.1 the Selling Shareholders and the Called Shareholder(s) agree otherwise in which case the Completion Date shall be the date agreed in writing by them; or
  - 18.5.2 that date is less than 30 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 30 Business Day after service of the Drag Along Notice.
- 18.6 Within 30 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholder(s), the Called Shareholder(s) shall deliver a stock transfer form for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that 30 Business Day period, the Company shall pay the Called Shareholder(s), on behalf of the Proposed Buyer, the amounts due pursuant to Article 18.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholder(s) in trust for the Called Shareholder without any obligation to pay interest.
- 18.7 To the extent that the Proposed Buyer has not, on the expiration of the 30th Business Day period referred to in Article 18.6, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholder(s) shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholder(s) shall have no further rights or obligations under this Article 18 in respect of its Shares.
- 18.8 If the Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by him, the Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Seller to be his agent to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he 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 such person. Failure to produce a share certificate shall not impede the registration of shares under this Article 18.8.

#### **Decision making by shareholders**

#### **19 Quorum for General Meetings**

- 19.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be 2 persons present in person or by proxy of whom one shall be a holder of B Ordinary Shares (or a duly authorised representative of such holder) and one shall be a holder of C Ordinary Shares (or a duly authorised representation of such holder).

- 19.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on. If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other place as the directors may determine and at the adjourned general meeting those present shall constitute a quorum.

## **20 Voting**

Subject to the rights attaching to any particular class of shares, at a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

## **21 Poll Votes**

- 21.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 21.2 Article 44(3) of the Model Articles 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.

## **22 Proxies**

- 22.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles 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 general meeting (or adjourned meeting) to which they relate".
- 22.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

## **23 Class Consents**

- 23.1 Without prejudice to any provisions of the Companies Act as regards the modification of the rights attached to classes of shares, the prior written consent of the holder(s) of 75% in number of the B Ordinary Shares and the holder(s) of 75% in number of the C Ordinary Shares shall be required in relation to any proposal:
- 23.1.1 for the Company to subscribe for or otherwise acquire any interest in any other company or other body corporate or any other business;
  - 23.1.2 to change the accounting reference date of the Company or alter any accounting policy or practice or adopt any new accounting policy or practice;
  - 23.1.3 to sell or dispose of the whole or a substantial part of the undertaking or the assets of the Company;
  - 23.1.4 to dispose of any assets of the Company or acquire any, in each case, other than in the ordinary course of business;



- 23.1.5 to amalgamate or merge the Company with any other company or concern;
- 23.1.6 for the Company to provide any credit (other than normal trade credit) or make a loan or advance to any person;
- 23.1.7 for the Company to give any guarantee or indemnity (other than guarantees or warranties relating to services provided by the Company which are given in the ordinary course of the Business);
- 23.1.8 for the Company to enter into any transaction or dealing of an unusual or long term nature or otherwise than on normal commercial terms;
- 23.1.9 for the Company to make any material changes in the nature of the Business or commence any new type of business not being ancillary or incidental to the Business of the Company or cease to carry on any such new type of business or existing Business;
- 23.1.10 for the Company to enter into any joint venture, partnership or consortium agreement or arrangement;
- 23.1.11 for the Company to borrow any money other than to support working capital requirements or create any security, charge, lien or similar interest over any of its assets and undertakings;
- 23.1.12 for the Company to vary the remuneration and benefits given to directors of the Company save for annual increases in their basic rate of remuneration not exceeding the increase in the Retail Prices Index since the date such remuneration was last fixed or reviewed (or such other appropriate index as may from time to time be substituted for such Index);
- 23.1.13 for the Company to appoint or terminate the employment of any employee of the Company whose total annual remuneration is to be or is in excess of £35,000 per annum;
- 23.1.14 for the Company to instigate or settle any litigation or arbitration proceedings (other than debt collection in the ordinary course);
- 23.1.15 to create or issue any share or loan capital or issue any rights or securities convertible into share or loan capital or grant or agree to grant any option over shares of the Company;
- 23.1.16 to make any repayment or redemption of the Company's share or loan capital (other than in accordance with its terms of issue) or reduce all or any of the Company's share capital or purchase the Company's own shares.

#### **Administrative arrangements**

#### **24 Means of Communication to be Used**

- 24.1 Subject to Article 24.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

- 24.1.1 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 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;
- 24.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 24.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 24.1.4 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 working day.

- 24.2 Any notice, document or other information served on, or delivered to, an intended recipient under Article 16, Article 17 or Article 18 (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website.
- 24.3 In proving that any notice, document or information was properly addressed, it shall be sufficient to show that the notice, document or information was delivered to an address permitted for the purpose by the Act.

## **25 Indemnity and Insurance**

- 25.1 Subject to Article 25.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- 25.1.1 each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

- 25.1.1.1 in the actual or purported execution and/or discharge of his duties, or in relation to them; and

- 25.1.1.2 in relation to the Company's activities as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is 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 him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

- 25.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 25.1.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.
- 25.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 25.3 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.
- 25.4 In this article:
- 25.4.1 a "relevant officer " means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- 25.4.2 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 or any pension fund or employees' share scheme of the Company.