

Company No: 1515647

  
H.W.C.

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

- OF -

BROCKBANK SYNDICATE MANAGEMENT LIMITED

(as adopted by Special Resolution passed  
on the 29th day of December 1995)

INTERPRETATION

In these Articles the words in Column 1 shall where the context admits bear the meaning assigned to them in Column 2:

Column 1

Column 2

"the Companies Acts"

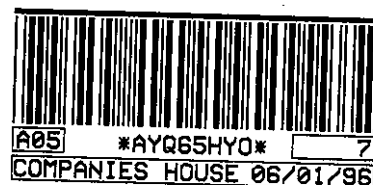
The Companies Act 1985, The Companies Securities (Insider Dealing) Act 1985, The Business Names Act 1985, The Companies Consolidation (Consequential Provisions) Act 1985, The Company Directors Disqualification Act 1986 and the Companies Act 1989

"the 1985 Act"

The Companies Act 1985 (as amended from time to time)

"Table A"

Table A as prescribed by regulations made under Section 8 of the 1985 Act in force as at the date of adoption of these Articles



"Share"	a share in the capital of the Company and "Shareholder" shall be construed accordingly
"paid up capital"	in respect of allotted share capital of the Company that part which is paid up or credited as paid up
"Register"	the register of members of the Company
"Lloyd's"	the Society incorporated by the Lloyd's Act 1871
"the Lloyd's Act"	the Lloyd's Act 1982
"Lloyd's Byelaw"	any byelaw made or to be made under the Lloyd's Act
"Byelaw 4"	Lloyd's Underwriting Agents Byelaw (No.4 of 1984) as amended from time to time
"the Council"	the Council of Lloyd's and any delegate of the powers of the Council of Lloyd's
"the Syndicate"	the Syndicate or Syndicates at Lloyd's for which the Company acts as Managing Agent with the permission of Lloyd's
"the Special Articles"	Articles 3, 6, 9, 10, 11, 12, 19, 20, 25, 27 and 29(1) and (2)
"Default Notice"	a notice given by the Directors pursuant to Article 19
"Auditors"	the auditors for the time being of the Company.

- (2) The following expressions shall where the context admits bear the meaning assigned by Byelaw 4:

active underwriter  
associate  
controller

25% controller  
50% controller  
interest  
parent undertaking  
qualifying underwriting member  
qualifying working member  
subsidiary undertaking

- (3) Unless the context otherwise requires, words and expressions not defined in paragraph (2) of this Article or in Byelaw 4 to which a meaning is given by Section 2(1) of the Lloyd's Act shall bear the same meaning when used in these Articles.
- (4) Any provision in these Articles which requires any agreement, consent or approval on the part of the Council shall only apply while such agreement, consent or approval is required by virtue of any Lloyd's Byelaw or other mandatory regulation or requirement of Lloyd's and:
- (a) shall be construed as requiring such agreement, consent or approval to be given in writing before the act, event or state of affairs for which such agreement, consent or approval is needed is done or occurs which such agreement, consent, or approval may be given on such terms and conditions and for such period as the Council thinks fit and may be revoked by the Council at any time, and
  - (b) shall have effect only during the time the Company is on the Register of Approved Underwriting Agents (or such Register as may be substituted therefor) at Lloyd's.
- (5) For the purpose of the Special Articles, Shares which carry the right to vote at a general meeting of the Company whether generally or in particular

circumstances or on a particular matter are deemed to have voting power. The proportion of voting power conferred by any particular Shares at any particular time is obtained by dividing the maximum number of votes which could be cast (whether on a show of hands or a poll) by all the holders of all the allotted Shares of the Company (or, where appropriate, all the allotted Shares of the Company of the same class as the particular shares) on any matter on which, or in any circumstances in which, such votes are exercisable, by the number of votes which could be cast by all the holders of all such Shares on the footing that:-

- (a) a matter on which such votes are exercisable was at such time before the Company in general meeting for determination;
  - (b) any circumstances in which such votes were exercisable had then arisen; and
  - (c) where Shares are jointly held, the second and subsequent joint holders are disregarded.
- (6) References in these Articles to any statute or any Lloyd's Byelaw are to any re-enactment or modification thereof for the time being in force.

#### PRELIMINARY

1. The Company is a private company and the regulations contained or incorporated in Table A shall apply to the Company except to the extent that they are excluded or varied by or are inconsistent with these Articles which together with the said regulations shall constitute the Articles of Association of the Company.
2. The following regulations of Table A shall not apply to the Company: 24, 25, 29, 30, 31, 40, 64, 73, 74, 75, 76, 77, 80, 81, 89 and 93.

### LLOYD'S REQUIREMENTS

3. The Special Articles shall only apply so long as the name of the Company is on the Register of Approved Underwriting Agents (or such Register as may be substituted therefor) at Lloyd's and then only to the extent that they are necessary for compliance with (i) any Lloyd's Byelaw or other regulation or requirement of Lloyd's having mandatory force with respect to companies on such Register or (ii) any undertaking given by the Company to Lloyd's. During such time and to the extent that the Special Articles continue to be applicable they shall override any other provision in these Articles inconsistent therewith.

(This Article 3 is a Special Article)

### SHARE CAPITAL

4. The share capital of the Company at the date of adoption of these Articles is £575,000 divided into 575,000 ordinary shares of £1 each.

### VARIATION OF SHARE CAPITAL

5. (1) Subject to the Special Articles (when applicable) and the provisions of the Companies Acts the Company shall have power to purchase or redeem any of its own Shares (regulation 3 of Table A shall be deemed modified accordingly).
- (2) The provisions of Sections 89(1) and 90(1) to (6) inclusive of the 1985 Act ("pre-emption provisions on allotment") shall not apply to any issue of Shares after the date of adoption of these Articles.
- (3) Subject to the foregoing provisions of this Article 5 and to the Special Articles, the Directors shall have power until the fifth anniversary of the date

of adoption of these Articles (or such later date as may from time to time validly be fixed by the Company in general meeting) to allot, create options over or otherwise deal with the unissued Shares of the Company as they shall in their discretion think fit. The maximum amount of relevant securities (as defined in Section 80(2) of the 1985 Act) which the directors may allot, grant options or subscription or conversion rights over, create, deal with or otherwise dispose of in accordance with this Article shall be an amount equal to the nominal value of the unissued shares of the Company for the time being or such other amount as shall be authorised by the Company in general meeting.

#### SPECIAL PROVISIONS RELATING TO VARIATION OF SHARE CAPITAL

6. (1) The Company shall not:

- (a) issue share warrants to bearer; or
- (b) without the consent of the Council confer or permit to be conferred on any person whether by virtue of the holding of a Share or otherwise the right to prevent or affect the exercise by the Directors or the Company in general meeting of any of their or its powers without the consent or concurrence of such person.

(2) The Company shall not without the consent of the Council reduce its share capital whether by cancelling, purchasing or redeeming any of its Shares or otherwise howsoever and Regulations 3,34 and 35 of Table A shall be deemed modified accordingly.

(This Article 6 is a Special Article)

### LIEN

7. Regulation 8 of Table A shall apply as if:

- (a) the words "(not being a fully paid share)" were omitted;
- (b) there were inserted at the end of the first sentence the words "or otherwise owing to the Company by the holder thereof";
- (c) the third sentence were omitted.

### CALLS

8. Regulation 12 of Table A shall apply as if the words "and except as agreed between the Company and any member in the case of the Shares held by him" were inserted immediately after the words "terms of allotment".

### ELIGIBILITY TO HOLD SHARES

9. (1) The directors shall not allot or issue a share to, or register any form of transfer or nomination or accept any renunciation of a letter of allotment relating to a share, in favour of any person or permit the registration of any person as the holder of any such share by virtue of his having become entitled thereto on the death or bankruptcy of its holder if:
- (a) the person concerned is a person in accordance with whose directions or instructions, either alone or with those of any associate or associates, the directors of the Company are accustomed to act (but disregarding advice given in a professional capacity); or

- (b) as a result of and pursuant to any such action by the directors the person concerned:
- (i) would, either alone or with any associate or associates, be entitled to exercise, or control the exercise of, 25% or more of the voting power at any general meeting of the Company or of another body corporate of which it is a subsidiary undertaking;
  - (ii) would, either alone or with any associate or associates, hold such part of the Company's share capital or of the share capital of the parent undertaking of the Company as would, if the whole of the income of the Company or the parent undertaking were in fact distributed among its shareholders entitle him to receive 25% or more of the amount so distributed; or
  - (iii) would, either alone or with any associate or associates, have such rights as would, in the event of a winding up of the Company or of a parent undertaking of the Company or in any other circumstance, entitle him to receive 25% or more of the assets of the Company or the parent undertaking available for distribution among its shareholders,

unless the Council gives it consent to such person being the holder of a share and, if the Council should so require, such person has given to the Council an undertaking, or executed and delivered or otherwise become a party to any deed, contract, bond, guarantee or other document, in each case in such form as the Council may specify; or

- (c) as a result of and pursuant to any such action by the directors the person concerned, being already a 25% controller approved by the Council, would become a 50% controller of the Company, unless that



person shall have given notice to the Council stating that he intends to become a 50% controller of the Company and containing such particulars as the Council may require and either the Council has, before the expiry of the period of three months beginning with the date of service of such notice (or of such longer period beginning with that date as the Council may, before the expiry of the three month period, notify to the person concerned), notified him in writing that there is no objection to his becoming a 50% controller of the Company or that period has elapsed without the Council having served a written notice of objection and, if the Council should so require, such person has given to the Council an undertaking, or executed and delivered or otherwise become a party to any deed, contract, bond, guarantee or other document, in each case in such form as the Council may specify.

- (2) (a) A person desiring to be registered as the holder of any Share must (whether or not he is registered as the holder of some other Share) prior to registration, execute and deliver to the Company a declaration:
  - (i) confirming that (unless and to the extent that the Council otherwise agrees) he has, and will retain the entire interest in every Share registered or proposed to be registered in his name for himself only; and (ii) specifying the names of any holders of Shares in the Company whose holdings would fall to be aggregated with any Shares registered in his name by virtue of Sub-Article (2) of Article 11 ("Substantial Shareholdings") if he had been the holder of the Shares proposed to be registered in his name at the date of the declaration and the number of Shares then held by such persons respectively.
- (b) The Directors may, and if the Council requires, they shall, by written notice require a person desiring to be registered as the holder of any

Share to give them such further information or evidence, supported (if the Directors or the Council so require) by a statutory declaration, as the Directors or (in the case of a direction by the Council) the Council may consider necessary or desirable for the purpose of determining whether (unless the Council otherwise agrees) he has and will retain the entire interest in every Share registered in his name for himself only.

- (c) The Directors shall not register a person as the holder of a Share if either he has not executed and delivered a declaration complying with paragraph (a) of this Sub-Article 9(2) or the Council directs them not to register such person. The Directors may in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any Share or to recognise any renunciation of an allotment notwithstanding the execution and delivery of any such declaration or the absence of any such direction. This paragraph (c) is subject to the provisions of Sub-Article (4) of Article 12 (Compulsory Sale and Transfer of Shares).
- (d) The Company must:
  - (i) if any transfer relating to a Share is lodged with the Company for registration, forthwith give notice in writing to the Council specifying the particulars contained in such transfer unless notice of such particulars has previously been given to the Council and the Council has consented to such transfer;
  - (ii) deliver promptly to the Council a copy of every declaration and every other document delivered to the Company under paragraphs (a) and (if applicable) (d) of this Sub-Article 9(2);

- (iii) if any transfer relating to a Share is registered, forthwith give notice in writing to the Council stating that the same has been registered; and
- (iv) give to the Council immediate notice in writing of every other change (whenever made) to any of the particulars contained in the Register,

and the Company shall not register any transfer of any Share for a period of twenty one days after paragraphs (i) and (ii) hereof have been complied with in relation to such transfer (unless the Council shall previously have consented to such transfer).

(This Article 9 is a Special Article)

#### JOINT OWNERSHIP : BENEFICIAL OWNERSHIP OF SHARES

10. (1) This Article 10 shall be without prejudice to Articles 9 ("Eligibility to hold Shares"), 11 ("Substantial Shareholdings") and 12 ("Compulsory Sale and Transfer of Shares").
- (2) Unless the Council otherwise agrees, the Directors shall not allot or issue any one Share to more than one person, register any form of transfer or nomination in favour of more than one person, accept any renunciation of a letter of allotment relating to any Share in favour of more than one person or permit the registration as Shareholder of more than one person by virtue of his having become entitled to a Share on the death or bankruptcy of its holder.
- (3) Unless and to the extent that the Council otherwise agrees, each holder must retain the entire interest in every Share registered in his name for himself only and he must not create or permit to be created or to subsist any interest in the Share in favour of any other person.

(4) Notwithstanding Sub-Article 10(3) above:-

- (a) a member entitled to vote may appoint one or more proxies in accordance with Regulation 59 of Table A but the instrument appointing the proxy must be in writing under the hand of the appointor or, if the appointor is a body corporate, under its seal (if any) or under the hand of an officer duly authorised (but so that the Directors are to be entitled to require evidence of the authority of such officer) and a vote given by proxy on a particular resolution may not be treated as valid or effective unless the instrument appointing such proxy relates only to the meeting at which that resolution is to be considered and either:
  - (i) such instrument specifies whether the proxy is to vote for or against such resolution; or
  - (ii) such resolution is for an amendment to any resolution in respect of which the proxy has been directed to vote (either for or against); or
  - (iii) such resolution is a motion for an adjournment or for the appointment of a chairman;
- (b) a corporation which is a member of the Company may subject to, and in accordance with, any other provision of these Articles exercise the powers conferred by section 375(1)(a) of the 1985 Act to appoint a person as its representative but the Directors are to be entitled to require evidence of the authority of such representative.

(This Article 10 is a Special Article)

SUBSTANTIAL SHAREHOLDINGS

11. (1) No person may, without the prior written consent of the Council, be a controller of the Company.
- (2) If the Directors become aware that a person is or is proposing to become a 25% controller or a 50% controller of the Company, they shall forthwith notify the Council in writing of that fact and shall supply, or use their reasonable endeavours to procure the supply of, such information in connection with their notification as the Council may require.

(This Article 11 is a Special Article)

COMPULSORY SALE AND TRANSFER OF SHARES

12. (1) If:-
- (a) any person is, without the agreement of the Council, a joint holder of any Share; or
  - (b) without the consent of the Council, any person has an interest in a Share other than the holder thereof except by reason only of the occurrence of an event specified in paragraph (a) of Sub-Article 12(3); or
  - (c) any consent, agreement or approval given by the Council with respect to a Share is revoked or expires or terminates or there is a breach by any holder of any undertaking given to the Council; or
  - (d) any holder is in breach of Article 11 ("Substantial Shareholdings"),

the Directors shall, unless the Council agrees otherwise, as soon as practicable give a Compulsory Transfer Notice complying with Sub-Article 12(4) to the person who is the holder concerned or the holder of the Shares concerned with respect to the Shares to which this Sub-Article 12(1) applies provided always that in a case where paragraph (d) above applies but the Shares in question are held by more than one person, such notice need only be given to such holders as the Directors may in their absolute discretion and without assigning any reason therefor determine for the purpose of remedying the breach of Article 11 ("Substantial Shareholdings") and their determination shall be conclusive.

- (2) Sub-Article 12(1) applies, unless the Council otherwise agrees, to all the Shares in the Company registered (whether solely or jointly with some other person(s)) in the name of the holder on whom notice under such Sub-Article is required to be served provided that:
  - (a) if Sub-Article 12(1) applies to such holder by reason only of his being a joint holder of any Share without the consent of the Council, such Sub-Article applies (subject to paragraph (c) of this proviso) only to Shares so held;
  - (b) if Sub-Article 12(1) applies to such holder by reason only that, without the consent of the council, another person has an interest in any Share held by him , such Sub-Article applies only to the Share registered in his name in which another person has, without the consent of the Council, an interest;
  - (c) if the Council so agrees before the expiration of fourteen days from the date of the notice given pursuant to Sub-Article 12(1), such Sub-Article shall apply by virtue of such notice to some only of the Shares to which it would otherwise apply by reason of paragraph (d) of this proviso;

- (d) if Sub-Article 12(1) applies to such holder by virtue only of paragraph (d) thereof, such Sub-Article applies (subject as aforesaid) only to such number or value of the Shares of each class held by him as the Directors may in their absolute discretion and without assigning any reason therefor determine for the purpose of remedying the breach of Article 11 ("Substantial Shareholdings") and their determination shall be conclusive.

(3) If:-

- (a) any Shareholder (being an individual) dies; or
- (b) any Shareholder (being an individual) is adjudicated bankrupt, or (being a body corporate) enters into liquidation or has a receiver or administrator appointed of its Shares in the Company or (whether a body corporate or an individual) makes any arrangement or composition with his creditors generally or anything analogous to any of the events specified in this sub-paragraph (b) occurs under the laws of any applicable jurisdiction; or
- (c) a Default Notice has been served in accordance with Article 19 on any Shareholder and has not been withdrawn,

the Directors may, and at the direction of the Council they shall, give a Compulsory Transfer Notice complying with Sub-Article 12(4) to the holder of such Shares with respect to such of the Shares held by him (whether solely or jointly) as may be specified in such notice but no direction may be given by the Council in the case of paragraph (a) or (b) hereof until the expiry of sixty days from the date on which occurred the event by virtue of which such paragraph first applied.

- (4) (a) In this Sub-Article 12(4), the following expressions bear the meanings set opposite them respectively below:-

"Acceptor"	a person to whom Transfer Shares are offered pursuant to this Sub-Article 12(4) and who accepts such offer
"Accepted Shares"	Transfer Shares which are accepted by a person to whom they are offered pursuant to this sub-Article 12 (4)
"Board Nominee"	a person nominated by the Directors, being a person eligible to be registered as holder of Transfer shares
"Fair Value"	the fair value of Transfer Shares as determined in accordance with Article 13 ("Transfer of Shares")
"person eligible to hold Transfer Shares"	a person in whose name Transfer Shares may be registered without breaching at the anticipated time of registration any provisions of these Articles (including the Special Articles)
"Transferor"	a person to whom a Compulsory Transfer Notice is given pursuant to this Article 12
"Transferor's Nominee"	a person nominated by the Transferor by notice in writing to the Company as a person to whom Transfer Shares may be offered under paragraph (d) of this Sub-Article 12(4)
"Compulsory Transfer Notice"	a notice in writing given by the Directors to a holder or joint holder of Shares requiring either that the Shares specified therein be transferred at Fair Value or be sold to the Company at Fair Value
"Transfer Shares"	the Shares specified in a Compulsory Transfer Notice being Shares to which Sub-Articles 12(1) or 12(3) apply.



(b) A Compulsory Transfer Notice shall specify the shares to which it relates and must require either:

- (i) that the Transfer Shares be transferred at their Fair Value; or
- (ii) that the Transfer Shares be sold to the Company at their Fair Value,

Provided that no Compulsory Transfer Notice may be given which requires Transfer Shares to be sold to the Company unless:

- (aa) the Council has given its consent to such purchase;
- (bb) the Transfer Shares are to be purchased out of distributable profits or the proceeds of a fresh issue of Shares; and
- (cc) the applicable requirements of Chapter VII of Part V of the 1985 Act are satisfied.

(c) Except where a Compulsory Transfer Notice validly requires that Transfer Shares shall be sold to the Company, the Directors shall offer the Transfer Shares for sale at their Fair Value to members of the Company other than the Transferor as required by Sub-Articles (5), (6), (7), (8), (9) and (10) of Article 13. For the purposes of this Article, a Compulsory Transfer Notice shall to the extent that the context so admits constitute a Sale Notice as referred to in such Sub-Articles and the Transfer Shares referred to therein shall constitute Sale Shares (as also referred to in such Sub-Articles) for such purposes.

(d) If there are not Acceptors for all the Transfer Shares within 42 days after their Fair Value has been determined in accordance with Article 13 the Directors shall offer the Transfer Shares:

- (i) to any Transferor's Nominee who is eligible to hold the Transfer Shares or some of them; and
  - (ii) thereafter, as respects any unsold Transfer Shares, to one or more Board Nominees as the Directors may decide.
- (e) If thereafter,
- (i) and to the extent that offers of Transfer Shares made by the Directors are not accepted; or
  - (ii) the Acceptor does not duly execute or deliver a compliance declaration under paragraph (a) of Sub-Article 9(2) in respect of the Accepted Shares; or
  - (iii) the Directors determine that Transfer Shares should not be registered in the name of the Acceptor; or
  - (iv) the Council directs the Directors not to register Accepted Shares in the name of the relative Acceptor; or
  - (v) any person to whom the Transferor is under any provision of this Sub-Article 12(4) bound to transfer Shares fails to make payment of their Fair Value at the time stipulated by the Directors,

the Directors shall, as soon as practicable, offer the Transfer Shares in question to some other Board Nominee willing to accept and pay for the same. Such person must be a person qualified to hold such shares and he must, prior to being nominated, have executed and delivered to the Company a compliance declaration under paragraph (a) of Sub-Article 9(2). The Directors shall in such case serve a notice on the Transferor specifying the name of the Board Nominee and the number of the Transfer Shares to be transferred to him and the Transferor shall within fourteen days of the service on him of such notice, execute and

deliver to the Company a form of transfer transferring such Shares in accordance therewith.

(f) Subject to:

(i) compliance by the Acceptor with the provisions of these Articles (including the Special Articles) relating to the holding of Shares and obtaining registration of transfer of Shares;

(ii) any direction of the Council; and

(iii) payment by the Acceptor of the Fair Value thereof,

the Transferor shall at the written request of the Directors execute and deliver to the Company one or more forms of transfer as may be required for transfer of Accepted Shares to the Acceptor thereof and if the Transferor shall fail so to do within 14 days of service of the request the Directors shall authorise an officer of the Company as the agent of the Transferor to execute such forms of transfer in accordance with the provisions of Sub-Article 13(12) which shall thereupon apply.

(5) In any case where a Compulsory Transfer Notice requires the Transferor to sell Transfer Shares to the Company, the Directors must draw up a draft contract of purchase which provides for completion of the purchase of the relevant Transfer Shares on the expiration of seven days after the passing of the special resolution hereinafter Mentioned and for the payment to the Transferor of the purchase price therefor on completion. The Transferor is deemed, by virtue of his having become a member of the Company, to have agreed:

(a) to such contract; and

- (b) to have appointed any person nominated by the Directors to execute such contract on his behalf; and
- (c) that he should deliver the relevant Transfer Shares to the Company at completion.

The Directors shall convene a meeting to consider a special resolution to authorise such contract of purchase, and take all such steps as are necessary or desirable to be taken by them to ensure that such contract is duly approved, executed and carried into effect. Every member of the Company who being so entitled, votes (whether in person or by proxy) on such special resolution or any other resolution necessary to give effect thereto (whether a resolution of the Company or of the holders of any class of its Shares) must vote in favour thereof.

(This Article 12 is a Special Article)

### TRANSFER OF SHARES

13. (1) (a) No Share shall be transferred to an infant, bankrupt or a person who is a patient within the meaning of the Mental Health Acts or to any person who is prohibited by these Articles from holding such Share.
- (b) The instrument of transfer of any Shares shall be executed by or on behalf of the transferor who shall be deemed to remain the holder of such Share until the name of the transferee is entered in the Register in respect thereof and the Directors may refuse to register the transfer of a Share (i) on which the Company has a lien or (ii) unless the certificate of such Share and other evidence satisfactory to the Directors of the right to make the transfer is produced to the Directors (regulation 23 of Table A shall be deemed modified accordingly).

- (c) The Directors shall register a transfer of a Share in the Company if (and only if) it is made in accordance with the preceding Article 12 or this Article 13 or where applicable the succeeding Article 14 (regulation 24 of Table A does not apply).
- (2) Subject to the Special Articles when applicable and any requirement of the Council thereunder and to all other provisions of these Articles relating to the acquisition and holding of Shares in the Company a Share may be transferred to any person previously approved in writing by the holders of three-fourths of the Shares for the time being in issue (including the Shares proposed to be transferred).
- (3) Any person wishing to dispose of any Share held by him other than in accordance with the preceding Sub-Article 13(2) shall give the Directors notice in writing of his wish to do so (a "Sale Notice") and shall specify the Shares proposed to be sold or transferred ("Sale Shares").
- (4) Any Compulsory Transfer Notice given by or on behalf of a holder of Shares pursuant to Article 13(3) requiring transfer of Shares shall to the extent that the context so admits constitute a Sale Notice for the purposes of this Article and the Transfer Shares therein specified shall constitute Sale Shares (as also defined in Sub-Article 12(4)) for such purposes.
- (5) A Sale Notice shall constitute irrevocable authority to the Directors (except as Article 12 and this Article 13 provides otherwise) to offer the Sale Shares for sale at their Fair Value (as defined in Sub-Article 12(4)) on behalf of the holder of (or person entitled to) such Shares ("the Transferor").
- (6) The Fair Value of Sale Shares shall be fixed by agreement between the Transferor and the Directors or, failing agreement, shall be such sum as the Auditors (or failing whom a chartered accountant agreed between the

Transferor and the Directors or, in default, a chartered accountant nominated by the Chairman, or a deputy Chairman of Lloyd's) may determine and certify to be the fair value thereof.

- (7) When any person (being a chartered accountant or the Auditors) shall make a determination of Fair Value of Sale Shares for the purposes of the preceding Article 12 and this Article 13 ("the Valuer") he shall act as an expert and not as an arbitrator and the provisions of the Arbitration Act 1950 (as amended) shall not apply. The Valuer shall have regard to such matters relating to the affairs of the Company as he may in his discretion think fit and neither the Transferor nor the Directors shall be entitled to inquire into or challenge the basis on which the valuation was made. The Valuer's fees shall be borne by the Company except as provided by Sub-Article 13(8) or as prohibited by law.
- (8) As soon as practicable after issue of a Valuer's certificate the Directors shall notify the Transferor of the Fair Value thereby determined and except where the Sale Shares are the subject of a Compulsory Transfer Notice under Article 12 the Transferor shall then be entitled by written notice given to the Directors within 7 days of receipt of such notification, to withdraw his Sale Notice (which withdrawal shall determine the Directors' authority to offer the Sale Shares for sale) in which case the Transferor shall be liable to pay the Valuer's fees.
- (9) Save where a Sale Notice is validly withdrawn pursuant to the preceding Sub-Article 13(8), the Directors shall within 7 days after the Fair Value has been fixed by agreement or valuation offer the Sale Shares (expressly subject to Sub-Article 13(11)) as follows: Sale Shares shall be offered in writing to the Shareholders of the Company other than the Transferor in proportion to their respective holdings of Shares and the Directors shall enquire of each Shareholder whether he wishes to acquire any Sale Shares not taken up by the persons to whom they are first being offered. Any such Sale Shares not

accepted within 14 days (or such extended period as the Directors may reasonably fix) by the person to whom they were first offered shall then be offered to those Shareholders who have expressed an interest in acquiring the same to the intent that no Sale Shares shall be available for transfer to any person who is not already a Shareholder while any existing Shareholder is willing to take up and pay for them and to the further intent that as between the Shareholders competing for Sale Shares on offer such Sale Shares shall be allocated between the competing members in proportion to the respective number of Shares in the Company already held by them (including Sale Shares previously accepted by them). The rights of pre-emption conferred by this Sub-Article 13 (9) may be waived by or varied with the consent of all holders of Shares for the time being in issue.

- (10) Sale Shares not accepted by the persons to whom they have been offered in accordance with the foregoing procedure may be offered at their Fair Value to such persons eligible to hold the same as the Directors think fit until the 42nd day after their Fair Value has been fixed by valuation or agreement.
- (11) If the Directors have not found purchasers for all the Sale Shares within the applicable 42 day period aforesaid, the Directors shall immediately give notice of that fact to the Transferor and shall advise him of the names and addresses of the members or other offerees (if any) who notified their willingness to purchase some of the Sale Shares. Within 14 days of such notice the Transferor shall (except in the case of a Compulsory Transfer Notice given under Article 12 to which Sub-Article 13(13) shall apply) be entitled at his election but subject to all the applicable provisions of these Articles governing the acquisition and holding of Shares in the Company:
  - (a) to revoke the Sale Notice, in which event all previous offers and acceptances of the Sale Shares shall be null and void and the Directors' authority to offer the same shall be determined; or

- (b) to affirm the sale (if any) of those Sale Shares for which purchasers were found by the Directors, in which event the Transferor shall be entitled at any time within the ensuing six months to transfer the unsold balance of the Sale Shares to any person eligible to hold the same whether a member of the Company or not at such price and on such terms as he may think fit, or
- (c) to declare null and void the sales effected by the Directors in which event the Transferor shall be entitled at any time within the ensuing six months to sell all the Sale Shares as a block (but not otherwise) to any person eligible to hold the same at any price (being not less than the Fair Value) he may think fit.

If the Transferor fails to give written notice of his election to the Directors within the said 14 day period he shall be deemed to have elected in accordance with (b) above to affirm those sales which the Directors have effected on his behalf.

- (12) Where the Directors have sold any Shares in accordance with the foregoing procedure (and unless such sales are properly nullified) the Transferor shall transfer such Shares to the purchasers thereof against payment of the Fair Value and if he neglects or refuses to do so the Directors shall authorise an officer of the Company as the agent of the Transferor to execute a transfer of the Shares to the purchaser thereof which transfer shall be valid and effective and the Company may itself receive and give a good receipt for the purchase price and register the purchaser as holders of the Shares whereupon the said purchaser shall become indefeasibly entitled thereto. In such case the Transferor shall be obliged to deliver up the certificate for the Shares so sold against delivery whereof he shall be entitled to receive the purchase price without interest and a balance certificate for the unsold Shares (if any) comprised within the certificate so surrendered.



- (13) Where Sale Shares are the subject of a Compulsory Transfer Notice given under Article 12 the Directors shall continue, notwithstanding that 42 days shall have passed after the giving of the Sale Notice or the determination of Fair Value, to seek a purchaser for such Sale Shares as provided by Article 12.

#### TRANSMISSION OF SHARES

14. (1) Subject to the provisions of these Articles governing the holding of shares in the Company and to Article 12 ("Compulsory Sale and Transfer of Shares") a person becoming entitled to a Share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject to the same written approvals being obtained as are set out in Article 13(2) (the person so entitled being treated for this purpose as holder of the Share registered in the name of the deceased or bankrupt member as the case may be), elect either to be registered himself as holder of the Share or to have some person nominated by him registered as the transferee thereof.
- (2) Without prejudice to Article 12, a person so becoming entitled to a Share in consequence of the death or bankruptcy of a member may give a Sale Notice in respect of such Share and if he fails to do so within twelve months of the date of death or bankruptcy the Directors may at any time thereafter appoint an officer of the Company to give such Sale Notice and the person entitled to such Share shall be bound thereby.
- (3) Pending transfer of the Share under Sub-Article 14 (1) or the giving of a Sale Notice under Sub-Article 14(2) or a Compulsory Transfer Notice under Article 12 a person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share except

that he shall not be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company (regulations 29, 30 and 31 of Table A do not apply).

#### PROCEEDINGS AT GENERAL MEETINGS

15. No business shall be transacted by any general meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to business; the quorum at a general meeting of the Company shall be two Shareholders present in person or by proxy.
16. On every resolution on which Shareholders are entitled to vote in general meeting, every Shareholder present in person or by proxy shall on a show of hands have one vote and on a poll one vote for each Share of which he is the holder.
17. An instrument of proxy which has not been deposited at the registered office of the Company shall nevertheless be treated as valid if before any vote is cast by the person named therein the instrument of proxy is produced to the chairman of the relevant meeting (regulation 62 of Table A shall be deemed modified accordingly).
18. Regulation 53 of Table A shall be deemed amended by deletion of all words after "convened and held" and the addition of a second sentence reading:

"Such resolution may consist of several documents in like form each signed by one or more members or their duly authorised agents in which event the resolution shall be deemed passed upon notification (by any means) of signature to the registered office or the Secretary of the Company".

SUSPENSION OF VOTING RIGHTS

19. (1) In this Article 19 and in Article 12, the expression "Default Notice" means a notice stating that the holder of Shares on whom it is served ("the relevant holder") is not entitled to attend or vote at any general or class meeting of the Company either personally or by proxy or to be reckoned in a quorum in relation to any such meeting in respect of any Share specified in such notice. Upon service of a Default Notice in accordance with this Article, the relevant holder ceases to be so entitled. If a Default Notice is withdrawn in accordance with this Article, the relevant holder becomes entitled in respect of the Shares specified in such notice to exercise such right as he had immediately before the service of the Default Notice to attend and vote (either in person or by proxy) at any general or class meeting of the Company either personally or by proxy and to be reckoned in the quorum in relation to any such meeting with effect from the date on which notice of such withdrawal is served upon him.
- (2) The Directors may at any time and at the request of the Council, they shall, by written notice require any holder of a Share to give them such information or evidence, supported (if the Directors or the Council so require) by a statutory declaration, as the Directors or the Council may consider necessary or desirable for determining whether or not there is, or is to be, an infringement by any person with respect to such Share of Article 10 ("Beneficial ownership") or Article 11 ("Substantial Shareholdings") or of any condition imposed by, or undertaking given to, the Council pursuant to any of the Special Articles.
- (3) If:
- (a) at any time, the Directors have reasonable grounds for believing that any holder has failed within fourteen days of the service of such notice to comply with the notice given to him pursuant to this Article 19; or

- (b) any holder, having responded within such period of such notice, has failed to satisfy the Directors, or (where the notice was given at the request of the Council) the Council, that there is no or is to be no infringement with respect to any share held by him of Article 10 ("Beneficial Ownership") or Article 11 ("Substantial Shareholdings") or of any condition imposed by, or undertaking given to, the Council pursuant to any of the Special Articles,

the Directors may and, at the direction of the Council, they shall as soon as practicable, without prejudice to Article 12 ("Compulsory Sale and Transfer of Shares") , serve a Default Notice on the holder concerned specifying the Shares to which such notice relates.

- (4) The Directors shall cause the Register to have noted against the relevant holder details of such Default Notice and the Shares specified therein.
- (5) A Default Notice shall be conclusive evidence against the relevant holder that circumstances had arisen entitling the Directors to serve such notice.
- (6) Any Default Notice which is given pursuant to this Article 19 shall be served in a manner in which a notice of meeting is authorised to be served by Regulations 111 to 116 inclusive of Table A.
- (7) A Share specified in a Default Notice which has not been withdrawn by a further notice in writing may not be transferred except in accordance with Article 12 ("Compulsory Sale and Transfer of Shares"). Upon registration of the transfer in accordance with such Article 12 of any such Share the relative Default Notice is to be treated as withdrawn.
- (8) A Default Notice once served may not be withdrawn unless:

- (a) it is served pursuant to Sub-Article (3) of this Article and the default to which it relates is capable of being remedied and is remedied to the satisfaction of the Directors, or (if the Default Notice was given at the direction of the Council) the Council, prior to service pursuant to Article 12 of a Compulsory Transfer Notice in respect of the Shares specified therein; or
- (b) the Council agrees.

(This Article 19 is a Special Article)

#### SPECIAL QUALIFICATIONS OF DIRECTORS

20. (1) A person may not be appointed a director, if and so long as the Company is registered as a managing agent under the Byelaw, unless:
- (a) the Council has given its consent to his appointment and the Company has received written notice to that effect (provided that no such consent shall be required if he has been a director of a Lloyd's broker or an underwriting agent at any time during the six month period ending on the date of his appointment and he is not the subject of a direction of administrative suspension under any provision of the Administrative Suspension Byelaw (No. 7 of 1987)); and
  - (b) he is an underwriting member or an annual subscriber.

The succeeding Sub-Articles 20(2), (3) and (4) shall take effect subject to this Sub-Article 20(1).

- (2) At least one-half of the Directors (other than alternate Directors) for the time being shall be qualifying working members or qualifying underwriting

members. If and so long as without the agreement of the Council one-half of the Directors shall not be such members, the continuing Director(s) may act for the purposes of increasing the number of Directors so that one-half thereof shall be such members or of summoning a general meeting of the Company for the purpose of appointing new Directors, but for no other purpose.

- (3) Without prejudice to Regulations 78 and 79 of Table A as amended by these Articles the Directors shall unless the Council otherwise agrees appoint to be a Director of the Company (if such person is not already a Director) the Active Underwriter of any Syndicate which represents ten per cent or more of the aggregate of the syndicate allocated capacity of the Syndicates managed by the Company.
- (4) Directors of the Company may be appointed only by a resolution of either the Company in general meeting or the board of Directors and removed only by a resolution of the Company in general meeting in accordance with Sections 303 and 304 of the 1985 Act or by disqualification under Article 27 or Sub-Article 28(1) and the consent or concurrence of any person (other than the Council) shall not be required for the appointment or removal of a person as a Director.
- (5) A person is not eligible to be an alternate Director unless he satisfies the criteria of the Council as to suitability and the Company receives written notice to that effect, and a person is not eligible to be an alternate Director for a Director who is a qualifying working member unless the proposed alternate is also a qualifying working member.
- (6) If any resolution for the removal of a Director is to be proposed at any general meeting of the Company, the Directors, or, in the case of a meeting requisitioned by members of the Company in accordance with section 368 of the 1985 Act, the requisitionists, shall send to the Council a copy of the notice

of such meeting at the same time as the notice is sent to members of the Company, and, in addition, the Company must send to the Council a copy of any representations made pursuant to section 304 of the 1985 Act at the same time as the representations are sent to members of the Company. If copies of such representations are not sent to members of the Company because they are received too late, they must be sent by the Company to the Council as soon as practicable after their receipt.

- (7) It is necessary to give notice of a meeting of Directors to every Director including a Director who is for the time being absent from the United Kingdom who has given to the Secretary an address either within or outside the United Kingdom for the purpose. Any notice of meeting required by this Sub-Article 20(7) to be sent to an address outside the United Kingdom must, if less than fourteen days' notice is given, be sent by telex, facsimile transmission, cable or telephone. Any such notice given by telephone must be confirmed as soon as possible by telex, facsimile transmission or cable. Any such notice authorised to be and given by post must be sent by prepaid airmail (first class where appropriate).

(This Article 20 is a Special Article)

#### NUMBER OF DIRECTORS

21. Subject to Article 20 ("Special Qualifications of Directors") when applicable the number of Directors may be fixed by the Company in general meeting and until so fixed there shall be not less than two Directors and a sole Director shall only be entitled to act for the purposes specified in Regulation 90 of Table A.

REMUNERATION AND INTERESTS OF DIRECTORS

22. The right of an executive Director to remuneration fixed by the Directors under Regulation 84 of Table A shall be in addition to any remuneration fixed by the Company in general meeting under Regulation 82 of Table A.
23. Subject to the provisions of Part X of the 1985 Act a Director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any such other company and he or any firm of which he is a member may act in a professional capacity for the Company or any such other company and be remunerated therefor. Notwithstanding his interest a Director may vote on any matter in which he has declared to the Board in writing that he is interested (whether or not such interest conflicts with that of the Company) and be included for the purpose of a quorum at any meeting at which the same is considered and he may retain for his own benefit all profits and advantages accruing to him for any such interest to the extent that such interest has been declared as aforesaid (regulations 94 to 98 of Table A shall be construed accordingly).
24. Regulation 86 of Table A shall apply as if the words "and these Articles" were inserted after "regulation 85".

DIRECTORS' POWERS TO DELEGATE

25. The powers of the Directors are not capable of general delegation otherwise than to a Managing Director or with the approval of the Council (regulations 71 and 72 of Table A shall be deemed modified accordingly).

(This Article 25 is a Special Article)



APPOINTMENT OF DIRECTORS

26. (1) Regulation 78 of Table A shall apply as if the last words commencing "and may also determine ..." were deleted therefrom.
- (2) Regulation 79 of Table A shall apply as if the last two sentences were deleted therefrom.

DISQUALIFICATION OF DIRECTORS

27. By way of addition to any other provision of these Articles providing for the disqualification of a Director, the office of a Director shall be vacated:-
- (a) if the Director is the subject of a direction or administrative suspension under any Lloyd's Byelaw or the Director is found guilty of misconduct under any Lloyd's Byelaw and in either case, the Council notifies the Company that such Director is no longer permitted to be a Director by reason of such direction or finding; or
- (b) if the Director ceases to hold a qualification for appointment as Director contained in Sub-Article 20(1).

(This Article 27 is a Special Article)

28. (1) The office of Director shall be vacated if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (b) becomes prohibited from being a Director either by reason of an order made under any enactment or by reason of the occurrence of any other

event in consequence of which he is by virtue of any enactment disqualified from being a Director or anything analogous to any of the events specified in this paragraph (b) occurs under the law of any applicable jurisdiction; or

- (c) he is, or may be, suffering from mental disorder and either:-
    - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
    - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
  - (d) resigns his office by notice in writing to the Company; or
  - (e) is removed from office in accordance with Section 303 of the 1985 Act; or
  - (f) is removed from office by a resolution of the Directors.
- (2) The Directors shall not retire from office by rotation (Regulations 73 to 77 inclusive of Table A do not apply) and each Director shall hold office until such office is vacated in accordance with these Articles.

PROCEEDINGS OF DIRECTORS

29. (1) The chairman of the board of Directors shall in the case of an equality of votes have a second or casting vote at a meeting of the Directors. Save as aforesaid no Director may have more than one vote at a meeting of the Directors unless he is also acting as alternate Director.
- (2) The quorum necessary for the transaction of the business of the Directors is two or if there be more than four Directors and the Special Articles then apply one half the number of Directors for the time being in office. For the purposes of determining whether a quorum exists, alternate Directors must not be included at any time when the Special Articles apply to the Company.
- (3) It shall not be necessary for the purpose of a Directors' meeting that all participants be present at the same place provided that the Directors counted in the quorum are all in contact for the purpose of the meeting whether in person or by radio or telephone or other instantaneous means of communication.

(Sub-Articles (1) and (2) of this Article 29 are Special Articles)

30. A resolution in writing signed or approved by letter facsimile transmission telex or cable by any two Directors and each other Director or his alternate shall be as valid and effective as if it had been passed at a meeting of the Directors duly convened and held and when signed may consist of several documents each signed or approved as aforesaid by one or more of the Directors (or as the case may be, by their alternates). Such resolution shall be deemed effectively passed at the time of notification (by any means) of the last of the signatures to the registered office or the Secretary of the Company (regulation 93 of Table A does not apply).

ALTERNATE DIRECTORS

31. (1) The power of appointment of alternate Directors shall be subject to the Special Articles if applicable.
- (2) An appointment of an alternate shall be effected by notification (by any means) given to the Company by the Director making such appointment and the alternate Director shall vacate such office if disqualified or if his appointment is revoked in writing by the appointing Director or if the appointing Director himself ceases to be a Director (regulations 65 and 68 of Table A shall be deemed modified accordingly).

INDEMNITY

32. Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about or in connection with the execution of the duties of his office, including any liability incurred by him 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 under Section 727 of the 1985 Act in which relief is granted to him by the Court. No Director or other officer of the Company shall be liable for any loss, damage or liability which may accrue to or be incurred by the Company in the execution of or in relation to the duties of his office. This regulation shall only have effect in so far as its provisions are not rendered void by Section 310 of the 1985 Act.