

2/12/201

17.

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

-OF-

VENTON UNDERWRITING AGENCIES LIMITED\*

(adopted by Special Resolution passed on 17<sup>th</sup> November 1988)

*not already provided*

INTERPRETATION

- (1) 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 1985 Act The Companies Securities (Insider Dealing) Act 1985 and the Companies Consolidation (Consequential Provisions) Act 1985

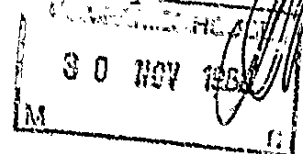
"the 1985 Act"

The Companies Act 1985

"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

(\* name changed by Special Resolution on the 5th day of April 1988)



" "A" Shares"	the "A" Non-Participating Shares of the Company each having the rights set out in these Articles and "A" Shareholder shall be construed accordingly
" "B" Shares"	the "B" Participating Shares of the Company each having the rights set out in these Articles and "B" Shareholder shall be construed accordingly
"Share"	a share of the Company (of any class) 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)
"the Committee"	the Committee of Lloyd's and any delegate of the powers of the Committee 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, 13, 21, 22 27 and 28

"Default Notice"                      a notice given by the Directors pursuant to Article 21

"Qualifying Person"                    a person who is a Qualifying Annual Subscriber or a Qualifying Underwriting Member or a Qualifying Working Member (as defined in Byelaw 4) excluding any person who is deemed by the provisions of Sub-Article 9(2)(d) not to be a Qualifying Person

"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"

"associated with a Lloyd's Broker"

"Interest"

"Qualifying Annual Subscriber"

"Qualifying Underwriting Member"

"Qualifying Working Member"

- (3) Unless the context otherwise requires, words and expressions defined in 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 Committee

- (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 Committee thinks fit

- and may be revoked by the Committee at any time and
- (b) shall have effect only during the time the Company is on the Register of Approved Underwriting Agents at Lloyd's
- (5) 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, 73, 74, 75, 76, 77, 80, 81, 89 and 93

#### LLOYD'S REQUIREMENTS

3. (1) 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 during which time they shall override any other provision in these Articles inconsistent therewith  
(2) No provision of these Articles shall be amended without the prior approval of the Committee

(This Article 3 is a Special Article)

SHARE CAPITAL

4. (1) The share capital of the Company at the date of adoption of these Articles is £175,100 divided into 100 "A" Shares of £1-00 each and 175,000 "B" Shares of £1-00 each having the rights and being subject to the restrictions set out in these Articles

(2) The "A" Shares shall confer upon the "A" Shareholders no right to participate in any dividend or other distribution of the Company but shall:-

- (a) only carry the right in a winding-up or other return of capital to repayment pari passu with the "B" Shares of the paid up capital thereon without further or other right to participate in any surplus assets of the Company; and
- (b) confer on the holders thereof the right to receive notices of and to attend and vote at all general meetings of the Company provided that while the Special Articles apply to the Company only holders of "A" shares who are Qualifying Persons shall be entitled to vote by virtue of such "A" Shares and
- (c) confer on all holders the right to receive notices of and to attend and vote at all meetings of the "A" Shareholders as a class

(3) The "B" Shares shall confer upon the "B" Shareholders the right to participate in all dividends and other distributions of the Company and shall:-

- (a) carry the right in a winding-up or other return of capital to repayment pari passu with the "A" Shares of the paid up capital thereon and to participate to the exclusion of the "A" Shares in any surplus assets of the Company; and
- (b) carry the right to receive notices of and to attend at all Annual General Meetings of the Company, but shall carry no right to receive

notices of or to attend any other general meeting of the Company unless the business of that meeting includes business on which a "B" Shareholder may vote; and

- (c) carry no right to vote at any general meeting on a show of hands or on a poll except:
    - (i) the right to vote for or against any resolution which may be proposed for the winding-up of the Company or any resolution which may be proposed for the reduction of capital of the Company; or
    - (ii) the right to vote for or against any resolution affecting the rights attached to the "B" Shares; or
    - (iii) if (and only if) the Special Articles do not then apply, the right to vote on any resolution proposed as a Special Resolution
  - (d) carry the right to vote at any meeting of the "B" Shareholders as a class
- (4) No share, other than an "A" Share or a "B" Share, shall confer any right to receive notice of or attend or vote at any general meeting of the Company

(The provisions of Regulations 54 (votes) and 117 (winding-up) of Table A shall be deemed modified accordingly)

#### VARIATION OF SHARE CAPITAL

5. (1) The share capital of the Company may only be increased by Special Resolution. Regulation 32 of Table A shall be modified accordingly.
- (2) Except with the sanction of an extraordinary resolution of the "B" Shareholders any new Shares created upon an increase of capital shall be "B" Shares

and shall rank pari passu with the "B" Shares then in existence.

(3) Except with the sanction of an extraordinary resolution of the "A" Shareholders in the case of "A" Shares and of an extraordinary resolution of the "B" Shareholders in the case of "B" Shares:

- (a) upon any issue of "A" Shares after the date of adoption of these Articles such Shares shall first be offered to the "A" Shareholders in proportion, as nearly as may be, to the nominal value of "A" Shares respectively held by them;
- (b) upon any issue of "B" Shares after the date of adoption of these Articles such Shares shall first be offered to the "B" Shareholders in proportion, as nearly as may be, to the nominal value of "B" Shares respectively held by them

In each case the Directors may limit a time within which such offer shall be open to acceptance and Shares not taken up within the specified time by the person to whom they are first offered shall be offered to the other holders of Shares of the same class before being offered to persons not already holding Shares of that class. Any offer of Shares in accordance with this Sub-Article (3) shall be subject to the Special Articles if then applicable

(4) The creation of further "A" Shares shall be deemed a variation of the rights both of the "A" Shareholders as a class and of the "B" Shareholders as a class and the creation of further "B" Shares shall be deemed a variation of the class rights of the "B" Shareholders and shall require the sanction of an extraordinary resolution of the class of Shareholders affected thereby

(5) 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)

(6) 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

(7) 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 £175,100 or such other amount as shall be authorised by the Company in general meeting

6. SPECIAL PROVISIONS RELATING TO VARIATION OF SHARE CAPITAL

(1) The Company shall not:

- (a) issue share warrants to bearer; or
- (b) without the consent of the Committee :-

- (i) create any class of Share other than an "A" Share or a "B" Share
- (ii) 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

(?) The Company shall not without the consent of the Committee 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 an "A" Share to, or register any form of transfer or nomination or accept any renunciation of a letter of allotment relating to an "A" Share in favour of a person who is not a Qualifying Person or permit the registration of any such person by virtue of his having become entitled to an "A" Share on the death or bankruptcy of its holder

(a) if as a result of and pursuant to any such action by the Directors more than one third of the "A" Shares would be held by persons who are not Qualifying Persons;

(b) unless the Committee gives its consent to such person being the holder of an "A" Share and, if the Committee should so require, such person has given to the Committee an undertaking in such form as the Committee 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) stating whether or not he is a Qualifying Person;

(ii) confirming that (unless and to the extent that the Committee 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

(iii) 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 12 ("Substantial Shareholdings") if he had been the holder of the Shares proposed to be registered in his name at the date of the declaration and the numbers of Shares then held by such persons respectively.

- (b) A Qualifying Person desiring to be registered as the holder of an "A" Share must (unless he has already done so in respect of "A" Shares already held by him) prior to registration, execute and deliver to the Company an undertaking that if he subsequently ceases to be a Qualifying Person he shall sell all "A" Shares held by him in accordance with Article 13 and an acknowledgement that if he fails to do so within twenty one (21) days of ceasing to be a Qualifying Person the Directors shall be entitled (but not bound) to serve a Transfer Notice in respect of those Shares.
- (c) A holder of an "A" Share who becomes a Qualifying Person subsequent to becoming the holder of that Share shall continue to be treated for the purposes of the Special Articles as not being a Qualifying Person until such time as he shall have executed and delivered to the Company:
  - (i) a declaration stating that he has become a Qualifying Person;
  - (ii) an undertaking and acknowledgment in the form specified in paragraph (b) of this Sub-Article 9(2).
- (d) The Directors may, and if the Committee requires they shall, by written notice require a person desiring to be registered as

the holder of any Share or a person making a declaration (pursuant to paragraph (b) of this Sub-Article 9(2)) to give them such further information or evidence, supported (if the Directors or the Committee so require) by a statutory declaration, as the Directors or (in the case of a direction by the Committee) the Committee may consider necessary or desirable for the purpose of determining whether such person is a Qualifying Person and whether (unless the Committee otherwise agrees) he has and will retain the entire interest in every Share registered in his name for himself only.

- (e) 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 Committee directs them not to register such person.
- (f) The Directors shall not register a person as holder of an "A" Share if he has not executed and delivered an undertaking and acknowledgment complying with paragraph (b) of this Sub-Article 9(2).
- (g) A person as respects whom either the Directors or, (if he is a person to whom a direction made by the Committee under paragraph (d) of this Sub-Article 9 (2) relates) the Committee, is not satisfied that he is a Qualifying Person, is to be treated for the purposes of the Special Articles as not being such a person.
- (h) 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 Committee specifying the particulars contained in such transfer;
- (ii) deliver promptly to the Committee a copy of every declaration and every other document delivered to the Company under paragraphs (a), (b), (c) and if applicable, paragraph (d), of this Sub-Article 9 (2);
- (iii) if any transfer relating to a Share is registered, forthwith give notice in writing to the Committee stating that the same has been registered; and
- (iv) give to the Committee 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.

- (3) (a) If, at any time, the Directors have reason to believe that the holder of an "A" Share who has made a declaration under either paragraph (a) or (c) of Sub-Article 9(2) stating that he is a Qualifying Person is no longer a Qualifying Person or if, at any time, the Directors are so requested by the Committee, they shall by written notice require such "A" Shareholder to give to them such information or evidence, supported (if the Directors or the Committee so require) by a statutory declaration, as the Directors or the

Committee may consider necessary or desirable for the purpose of determining whether or not such "A" Shareholder is a Qualifying Person.

(b) If:

(i) at any time, the Directors have reasonable grounds for believing that any such "A" Shareholder has failed within fourteen days of the service of such notice to comply with the notice given to him pursuant to this Sub-Article 9 (3);

(ii) any "A" Shareholder having responded within such period to such notice, has failed to satisfy the Directors or (where the notice was given at the request of the Committee) the Committee, that he is a Qualifying Person;

the provisions of paragraph (g) of Sub-Article 9(2) shall apply and the "A" Shareholder shall be treated for the purposes of the Special Articles as not being a Qualifying Person.

(4) There must not without the consent of the Committee 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.

(This Article 9 is a Special Article)

ELIGIBILITY TO HOLD "B" SHARES

10. The Directors shall not allot or issue any "B" Shares or register any form of transfer or nomination or accept renunciation of any letter of allotment relating to any such 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 unless the Committee gives its consent to such person being the holder of a "B" Share and, if the Committee should so require, such person has given to the Committee an undertaking in such form as the Committee may specify

(This Article 10 is a Special Article)

JOINT OWNERSHIP : BENEFICIAL OWNERSHIP OF SHARES

11. (1) This Article 11 shall be without prejudice to Articles 9 ("Qualifying Persons"), 10 ("Eligibility to hold "B" Shares"), 12 ("Substantial Shareholdings") and 13 ("Compulsory Sale and Transfer")

(2) Unless the Committee 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 Committee 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 11(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 11 is a Special Article)



## SUBSTANTIAL SHAREHOLDINGS

12. (1) No person may, except to the extent that the Committee otherwise agrees, be the holder of more than ten per cent of the nominal value of the Shares of any class of the Company or the holder of more than ten per cent of the votes exercisable by the members of the Company for the time being

(2) In determining whether such limit of ten per cent has been exceeded by any person ("the Shareholder"), there must be aggregated with the Shares registered in the name of the Shareholder and treated as held by him, Shares registered in the names of the persons who, in relation to him, are the persons referred to in:

- (a) section 12(1)(c) of the Lloyd's Act, if the Shareholder is a body corporate;
- (b) section 12(1)(e) (but excluding the proviso to that section) of the Lloyd's Act, if the Shareholder is an individual; and
- (c) section 12(1)(d) of the Lloyd's Act, if the Shareholder is a member of a partnership,

provided that:

- (i) references in section 12(1)(c) and (d) of the Lloyd's Act to a Director or a partner are to be treated, in the case of a Director or partner who is an individual, as including the persons mentioned in section 12(1)(e) of the Lloyd's Act; and
- (ii) this Sub-Article 12(2) does not require any Share to be taken into account more than once in determining whether the limit of ten per cent has been exceeded

(This Article 12 is a Special Article)

COMPULSORY SALE AND TRANSFER OF SHARES

13. (1) If:

- (a) any person is, without the agreement of the Committee, a joint holder of any Share; or
- (b) the holder of an "A" Share who is a Qualifying Person ceases to be a Qualifying Person and as a result the proportion of "A" Shares which is held by Qualifying Persons falls below two thirds; or
- (c) without the consent of the Committee, 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 13(3); or
- (d) any consent, agreement or approval given by the Committee 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 Committee; or
- (e) any holder is in breach of Article 12 ("Substantial Shareholdings"),

the Directors shall, unless the Committee agrees otherwise, as soon as practicable give a Transfer Notice complying with Sub-Article 13(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 13(1) applies provided always that in a case where paragraph (e) 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 12 ("Substantial Shareholdings") and their determination shall be conclusive.

(2) Sub-Article 13(1) applies, unless the Committee 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 13(1) applies to such holder by reason only of his being a joint holder of any Share without the consent of the Committee, such paragraph applies (subject to paragraph (d) of this proviso) only to Shares so held;
- (b) if Sub-Article 13(1) applies to such holder by reason only that he is the holder of an "A" Share and that as a result of his ceasing to be a Qualifying Person the proportion of the "A" Shares held by Qualifying Persons has fallen below two thirds, such Sub-Article applies only to the "A" Shares registered in his name;
- (c) if Sub-Article 13(1) applies to such holder by reason only that, without the consent of the Committee, 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 Committee an interest;
- (d) if the Committee so agrees before the expiration of fourteen days from the date of the notice given pursuant to Sub-Article 13(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 paragraphs (b) or (c) of this proviso;
- (e) if Sub-Article 13(1) applies to such holder by virtue only of paragraph (e) 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 12 ("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 21 on any Shareholder and has not been withdrawn

the Directors may, and at the discretion of the Committee they shall, give a Transfer Notice, complying with Sub-Article 13(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 Transfer Notice but no direction may be given by the Committee 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 13(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 13(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 13(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 14 ("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 Transfer Notice is given pursuant to this Article 13
"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 13(4)
"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 Transfer Notice being Shares to which Sub-Article 13(1) or Sub-Article 13(3) apply

(b) A 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 Transfer Notice may be given which requires Transfer Shares to be sold to the Company unless:

- (aa) the Committee 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 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 14
- (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 14 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 Sub-Article 9(2) in respect of the Accepted Shares; or

(iii) the Committee directs the Directors not to register Accepted Shares in the name of the relative Acceptor;

or

(iv) any person to whom the Transferor is under any provision of this Sub-Article 13(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) Sub-Article 9(2) and (if he is a Qualifying Person and such Shares are "A" Shares) an undertaking and acknowledgment under Paragraph (b) of Sub-Article 9(2) in respect thereof. 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 Committee; and

(ii) 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 to do so within 14 days of service of the request the Directors shall authorise an officer of the Company to execute such forms of transfer in accordance with the provisions of Sub-Article 14 (12) which shall thereupon apply

(5) In any case where a 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 13 is a Special Article)

TRANSFER OF SHARES

14. (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 13 or this Article 14 or where applicable the succeeding Article 15. (Regulation 24 of Table A does not apply)

(2) Subject to the Special Articles when applicable and any requirement of the Committee thereunder and to all other provisions of these Articles relating to the acquisition and holding of Shares in the Company

- (a) an "A" Share may be transferred with the consent of the Directors to any person
  - (b) a "B" Share may be transferred to any person
- (3) Any person wishing to dispose of any Share held by him other than in accordance with the preceding Sub-Article 14(2) shall give the Directors notice in writing of his wish to do so ("the Sale Notice") and shall specify the Shares proposed to be sold or transferred ("the Transfer Shares")
- (4) Any Transfer Notice given by or on behalf of a holder of Shares pursuant to Article 13 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 Shares therein specified shall be Transfer Shares
- (5) The Sale Notice shall constitute irrevocable authority to the Directors (except as Article 13 and this Article 14 provides otherwise) to offer the Transfer Shares for sale at their Fair Value on behalf of the holder of (or person entitled to) such Shares ("the Transferor")
- (6) The Fair Value of Transfer Shares which are "B" 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. The Fair Value of Transfer Shares which are "A" Shares shall be the amount equal to the paid up capital thereon.
- (7) When any person (being a chartered accountant or the Auditors) shall make a determination of Fair Value

of Transfer Shares for the purposes of the preceding Article 13 or this Article 14 ("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 14(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 Transfer Shares are the subject of a compulsory Transfer Notice under Article 13 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 Transfer Shares for sale) in which case the Transferor shall be liable to pay the Valuer's fees.

(9) Save where a Notice is validly withdrawn pursuant to the preceding Sub-Article 14(8) the Directors shall in the case where "B" Shares are comprised in a Sale Notice then within 7 days after the Fair Value has been fixed by agreement or valuation and in the case of the "A" Shares alone then within 7 days after the giving of the Sale Notice offer the Transfer Shares (expressly subject to Sub-Article 14(11)) as follows:

(a) Transfer Shares which are "B" Shares shall be offered in writing to the "B" Shareholders of the Company other than the Transferor in proportion to their respective holdings of "B" Shares and the Directors shall enquire of each "B" Shareholder

whether he wishes to acquire any Transfer Shares not taken up by the persons to whom they are first being offered. Any such Transfer 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 "B" Shareholders who have expressed an interest in acquiring the same to the intent that no Transfer Shares which are "B" Shares shall be available for transfer to any person who is not already a holder of "B" Shares while any existing "B" Shareholder is willing to take up and pay for them and to the further intent that as between the "B" Shareholders competing for Transfer Shares on offer such Transfer Shares shall be allocated between the competing members in proportion to the respective number of "B" Shares in the Company already held by them (including Transfer Shares previously accepted by them). The rights of pre-emption conferred by this paragraph (a) of Sub-Article 14(9) may be waived by or varied with the consent of all holders of "B" Shares for the time being in issue

- (b) In the case of Transfer Shares which are "A" Shares the Directors shall offer the same to such persons eligible under the Articles to hold "A" Shares as the holders of (or persons entitled to) the majority of the issued "A" Shares may have nominated in writing or failing such nomination as the Directors may determine

(10) Transfer 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 or in the case of a Sale Notice relating only to "A" Shares until the 42nd day after service of such Sale Notice.

(11) If the Directors have not found purchasers for all the Transfer Shares within the applicable 42 day period aforesaid, the Directors shall immediately give notice of the 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 Transfer Shares. Within 14 days of such notice the Transferor shall (except in the case of a compulsory Transfer Notice given under Article 13 to which Sub-Article 14(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 Transfer 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 Transfer 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 Transfer 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 Transfer 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 Transfer Shares are the subject of a compulsory Transfer Notice given under Article 13 the Directors shall continue, notwithstanding that 42 days shall have passed after the giving of the Transfer Notice or the determination of Fair Value to seek a purchaser for such Transfer Shares as provided by Article 13

#### TRANSMISSION OF SHARES

15. (1) Subject to the provisions of these Articles governing the holding of shares in the Company and to Article 13 ("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 14 (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) Pending transfer of the Share under Article 13 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 Shares 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

16. (1) 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 "A" Shareholders present in person or by proxy except that in the case of a general meeting convened to consider a resolution on which a "B" Shareholder is entitled to vote, a quorum in relation to that resolution shall be two Shareholders present in person or by proxy and entitled to vote thereon

(2) Subject to Sub-Article 16(3), on a show of hands every "A" Shareholder present in person or by proxy at a general meeting shall have one vote and on a poll every "A" Shareholder who is present in person or by

proxy shall have one vote for each "A" Share of which he is the holder.

(3) If at any time whilst the Special Articles apply to the Company more than one third of the votes exercisable by the holders for the time being of "A" Shares would (were it not for the provisions of this Sub-Article) be exercisable by persons who are not Qualifying Persons each "A" Share held by a person who is not a Qualifying Person shall carry the number of votes equal to:

$$Q$$

$$\frac{Q}{2 \times NQ}$$

where "Q" equals the number of relevant "A" Shares held by persons who are Qualifying Persons

"NQ" equals the number of relevant "A" Shares held by persons who are not Qualifying Persons

and for this purpose each "A" Share in issue shall be counted as a relevant "A" Share except any "A" Share

(i) the registered holder of which is dead or has been adjudicated bankrupt;

(ii) which is specified in a Default Notice pursuant to Article 21 ("Suspension of Voting Rights") which has not been withdrawn; or

(iii) the registered holder of which is, by virtue of some other provision of these Articles or by reason of an order of court of competent jurisdiction prohibited from voting Provided this sub-paragraph (iii) does not apply to Shares held by a member in respect of whom an order has been made by any competent court by reason of the mental disorder of such member if and so long as the court has authorised



some other person to vote on that member's behalf

(This Sub-Article 16(3) is a Special Article)

17. On every resolution on which "B" Shareholders are entitled to vote in general meeting, every "B" 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
18. 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.
19. 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"

#### CLASS GENERAL MEETINGS

20. (1) The provisions of these Articles relating to general meetings shall apply to separate general meetings of a class of Shareholders except that:-
  - (a) at every separate general meeting of members of a class of Shareholders on a show of hands

every member of the class present in person or by proxy shall have one vote and on a poll every member of the class shall have one vote for each Share of that class of which he is the holder;

(b) if any such separate general meeting as is referred to in paragraph (a) above is adjourned by reason that a quorum is not present then if a quorum shall not be present within half an hour from the time appointed for such adjourned meeting the holder or holders of Shares of the class who are present shall be a quorum

(2) Regulation 53 of Table A as amended by these Articles shall apply to every class resolution

#### SUSPENSION OF VOTING RIGHTS

21. (1) In this Article 21 and in Article 13, 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 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 Committee, they shall, by written notice require any holder of a Share to give them such information or evidence supported (if the Directors or the Committee so require) by a statutory declaration as the Directors or the Committee 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 11 ("Beneficial Ownership") or Article 12 ("Substantial Shareholdings") or of any condition imposed by, or undertaking given to, the Committee 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 21; 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 Committee) the Committee, that there is no or is to be no infringement with respect to any share held by him of Article 11 ("Beneficial Ownership") or Article 12 ("Substantial Shareholdings") or of any condition imposed by, or undertaking given to, the Committee pursuant to any of the Special Articles; or
- (c) the Directors become aware that the holder of an "A" Share who was a Qualifying person has ceased to be a Qualifying Person,

the Directors may and, at the direction of the Committee, they shall as soon as practicable, without prejudice to Article 13 ("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 21 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 13 ("Compulsory Sale and Transfer of Shares"). Upon registration of the transfer in accordance with such Article 13 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 Committee) the Committee, prior to service pursuant to Article 13 of a Transfer Notice in respect of the Shares specified therein; or
- (b) the Committee agrees

(This Article 21 is a Special Article)

SPECIAL QUALIFICATIONS OF DIRECTORS

22. Unless the Committee otherwise agrees:-

(1) A person shall not be appointed a Director unless:

(a) he shall have been approved by the Committee to hold such office and the Company shall have received written notice to that effect; and

(b) he is an underwriting member, annual subscriber, or associate (as defined by the Lloyd's Act).

The succeeding Sub-Articles 22(2), (3) and (4) shall take effect subject to this Sub-Article 22(1)

(2) At least two-thirds of the Directors (other than alternate Directors) for the time being shall be Qualifying Working Members. If and so long as without the agreement of the Committee two-thirds 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 two-thirds thereof shall be such members or of summoning a general meeting of the Company, but for no other purpose

(3) Without prejudice to Regulations 78 and 79 of Table A as amended by these Articles the Directors shall appoint to be a Director of the Company (if such person is not already a Director):

(a) an Active Underwriter chosen from each of the marine, non-marine, aviation and motor markets in which the Company manages Syndicates provided that an Active Underwriter who acts on behalf of Syndicates which operate in more than one such market may be chosen in respect of each market in which those Syndicates operate; and

(b) unless the Committee otherwise agrees, the Active Underwriter of any Syndicate which represents ten

per cent or more of the total stamp 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 and the consent or concurrence of any person (other than the Committee) 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 Committee 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 Committee 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 Committee 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 Committee 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 22(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 22 is a Special Article)

#### NUMBER OF DIRECTORS

23.. Subject to Article 22 ("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

24. 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

25. 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.)

26. Regulation 86 of Table A shall apply as if the words "and these Articles" were inserted after "regulation 85"

#### DIRECTOR'S POWERS TO DELEGATE

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

(This Article 27 is a Special Article)



DISQUALIFICATION OF DIRECTORS

28. 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 Committee 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 the qualification for appointment as Director contained in Sub-Article 22(1)

(This Article 28 is a Special Article)

29. (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

(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

#### APPOINTMENT OF DIRECTORS

30. (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

#### PROCEEDINGS OF DIRECTORS

31. (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 greater 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

32. 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

33. (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

34. 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.

Company No. 2202362

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION OF VENTON UNDERWRITING AGENCIES LIMITED

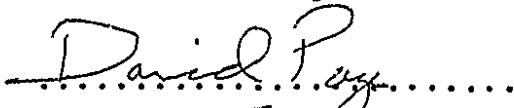
Passed on the 17th day of November 1988.

At the Annual General Meeting of the above named Company duly convened and held at 51 Eastcheap, London EC3 on the 17th day of November 1988 the following Resolution was passed as a Special Resolution.

SPECIAL RESOLUTION

"THE ACCOUNTS of the Company for the period ending 30th September 1988 having been produced to the Meeting AND the Company having been dormant within the meaning of Section 252 of the Companies Act 1985 ("the Act") during the period referred to in the said Accounts, THAT the Company be exempted from the obligation to appoint auditors as otherwise required by Section 384 of the Act".

The above being certified as correct.

  
.....  
CHAIRMAN

2202362

(2851D20J/DOCS/PC6)

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

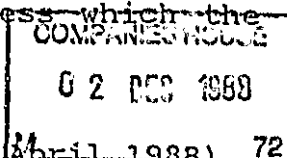
MEMORANDUM OF ASSOCIATION

-of-

VENTON UNDERWRITING AGENCIES LIMITED\*

1. The name of the Company is Venton Underwriting Agencies Limited.
2. The registered office of the Company will be situate in England.
3. The objects for which the Company is established are:-
  - (A) To act as agents or sub-agents for underwriting members of Lloyd's and Lloyd's syndicates in all classes of insurance business and to act as managers for any insurance company, syndicate, club or association, or any individual, underwriter, company or person in connection with its or his business (wherever the same may be carried on) or any branch of the same, and to carry on any business of insurance or reinsurance of a kind not hereinafter expressly prohibited, and to act as agents for any syndicate, company or person carrying on the business of insurance or reinsurance in any of its branches.
  - (E) (1) To carry on any other business which can, in the opinion of the directors, be advantageously or conveniently carried on by the Company by way of extension of, or in connection with, any business which the Company is authorised to carry on, or which may directly or indirectly develop any business which the Company is authorised to carry on.

(\*Name changed by special resolution dated 5th April 1988) 72



(2) To acquire the whole or any part of the business, property, assets and liabilities of any company or person having property suitable for the purposes of the Company or carrying on or proposing to carry on any business which can be carried on in conjunction therewith, or which is capable of being conducted so as directly or indirectly to benefit the Company, and to undertake and carry on or to liquidate and wind up any such business.

(3) To acquire, hold and deal with shares, stocks, securities, certificates, rights, debentures or investments in any company or corporation carrying on business in any part of the world.

(4) To purchase, lease, license, exchange, hire or acquire in any other manner, for any estate or interest, any real or personal property and any rights or privileges, for any purpose in connection with any business which the Company is authorised to carry on and to sell, lease, license, hire, create easements and other rights over, improve, manage or develop and in any other manner deal with such property of the Company or any part thereof as the directors may think fit.

(5) To apply for, take out, purchase or otherwise acquire and maintain any designs, trade marks, patent rights, inventions, copyrights or secret processes and any other intangible property and to use, exercise, develop, license or otherwise turn to account any such property, knowledge and rights.

(6) To build, construct, maintain, alter, enlarge, demolish, remove or replace any buildings, works, plant or machinery, for any purpose, in connection with any business which the Company is authorised to carry on.

(7) To receive money on deposit or loan, whether at interest or not, and to borrow, raise or secure the payment of money by mortgage, charge or lien or by the issue of debentures or debenture stock, perpetual or otherwise, or in any other manner, either with or without security and to charge all or any of the property or assets of the Company whether present or future, including its uncalled capital, to support any obligations of the Company or of any other company or

person, and collaterally or further to secure any securities or obligations of the Company by a trust deed or other assurance.

(8) To invest and deal with the monies of the Company not immediately required for the purposes of its business in or upon such investments and securities and in such manner as may from time to time be considered expedient.

(9) To draw, accept, endorse, negotiate, discount, execute and issue promissory notes, bills of exchange, scrip warrants and other transferable or negotiable instruments.

(10) To advance and lend money and give credit to any company or person with or without security and (with or without the Company receiving any consideration or advantage, direct or indirect, from giving any such guarantee) to guarantee either by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets, present and future (including uncalled capital), of the Company, or by one or more of such methods, the performance of the obligations, and the payment of the capital or principal (together with any premium), of, and dividends or interest on, any stocks, shares or securities, loans (whether secured or not), trading or current account of any company, firm or person, and in particular (but without limiting the generality of the foregoing) of any company which is for the time being the Company's holding company, as defined by Section 736 of the Companies Act 1985, or another subsidiary, as defined by the said Section, of the Company's holding company, or otherwise associated with the Company.

(11) To pay for any rights or property acquired by the Company and to remunerate any person, firm or company rendering services to the Company either in cash, or in exchange for any stock, shares, securities or debentures of, or other investments in, any company, or in any other manner, and to accept any stock, shares, securities, debentures of, or other investments in, any



company or otherwise in payment or part payment of any obligation of any company.

(12) To pay all or any of the preliminary or formation expenses of the Company and of any company formed or promoted by the Company.

(13) To vest any real or personal property, rights or interests, belonging or accruing to the Company, in any company or person on behalf or for the benefit of the Company, and with or without any declared trust in favour of the Company.

(14) To sell, exchange, lease, dispose of, turn to account or otherwise deal with the undertaking of the Company or any part thereof as the directors may think fit.

(15) To distribute among the members of the Company any property of the Company in specie or otherwise (but so that no such distribution amounting to a reduction of capital shall be made without the sanction required by law) and to permit and authorise any liquidator of the Company to distribute any of the property of the Company in specie among the members of the Company.

(16) To establish, promote, finance or otherwise assist or concur in the establishment or promotion of any company for the purpose of acquiring the whole or any part of the property, business or undertaking of the Company, or of furthering any of the objects of the Company, and to acquire and hold any shares, stock, securities or debentures of, or other investments in, any such company and to issue, place, underwrite or guarantee the subscription for, or concur in issuing, placing, underwriting, or guaranteeing the subscription for, any shares, stock, securities or debentures of, or other investments in, the Company.

(17) To enter into and implement any agreement or arrangement for the sharing of the profits or for the conduct of any business of the Company in association with or through the agency of any other company or person, or any joint venture, reciprocal, concession, or other such agreement with any company or person.

(18) To amalgamate with any other company the objects of which include the carrying on of any business which

the Company is authorised to carry on and to reconstruct the Company in any manner authorised by the Companies Act for the time being in force.

(19) To take all requisite steps in Parliament or with the national, local, municipal or other authorities of any place in which the Company may have interests and to negotiate or operate for the purpose of furthering the interest of the Company or its members or of effecting any modification in the constitution of the Company and to oppose any steps taken which may be considered likely directly or indirectly to prejudice the interests of the Company or its members.

(20) To subscribe or guarantee money for any national, local, charitable, benevolent, political, public, general or useful purpose or for any purpose which in the opinion of the directors is likely directly or indirectly to further the objects of the Company or the interest of its members.

(21) To establish or support associations, institutions, clubs, funds, trusts and schemes which may be considered likely to benefit any persons who are or at any time have been employees, officers or directors of the Company or the families, relations, connections or dependants of such persons and to make payments towards insurances, institute or contribute to pension schemes, grant pensions or gratuities to and provide for the welfare of any such persons and to establish and contribute to any scheme for the purchase or acquisition by trustees of shares in the Company to be held for the benefit of the Company's employees and to lend money to the Company's employees to enable them to purchase shares in the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with any of its employees.

(22) To do all or any of the things and matters aforesaid in any part of the world and either as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, or otherwise and either alone, or in conjunction with others, and to procure the Company to be registered or recognised in

or under the laws of any country or place outside the United Kingdom.

(23) To do all such other things as the directors may think incidental or conducive to the above objects or any of them.

The objects set out in any sub-clause shall not be restrictively construed but the widest interpretation shall be given to them and they shall not be in any way limited or restricted by reference to, or inference from, any other object or objects set out in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

Where the context so admits the word "company" or the phrase "company or person" shall be deemed to include any body (corporate or unincorporate), association, firm, company or person.

4. The liability of the members is limited.
- \*5. The share capital of the Company is £175,100 divided into 100 "A" Shares of £1.00 each and 175,000 "B" Shares of £1.00 each. The shares in the original or any increased capital may be divided into several classes with such rights and privileges and subject to such restrictions as the members may from time to time decide.

\* Share Capital increased to £175,000 by Ordinary Resolution dated 17th November 1988. Further increased to £175,100 by Composite Special Resolution dated 17th November 1988.

THE COMPANIES ACT 1985

COMPOSITE SPECIAL RESOLUTION

- of -

VENTON UNDERWRITING AGENCIES LIMITED

A Company Limited by Shares

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Dated the 17th day of November 1988

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At an Extraordinary General Meeting of the Members held at 51 Eastcheap, London EC3 on the 17th day of November 1988, the following resolution was unanimously passed as a Composite Special Resolution of the Company:-

COMPOSITE SPECIAL RESOLUTIONS

"That:-

1. the Memorandum of Association of the Company be amended by substituting for Clause 3(A) thereof the following new Clause 3(A):-

"(A) To act as agents or sub-agents for underwriting members of Lloyd's and Lloyd's syndicates in all classes of insurance business and to act as managers for any insurance company, syndicate, club or association, or any individual, underwriter, company or person in connection with

its or his business (wherever the same may be carried on) or any branch of the same, and to carry on any business of insurance or reinsurance of a kind not hereinafter expressly prohibited, and to act as agents for any syndicate, company or person carrying on the business of insurance or reinsurance in any of its branches."

2. the Articles of Association contained in the printed document produced to the Meeting and signed by the Chairman for the purposes of identification be and is hereby adopted as the new Articles of Association of the Company to the exclusion of and in substitution for the existing Articles of Association.
3. the authorised share capital of the Company be increased by £100 from £175,000 to £175,100 by the creation of 100 "A" Shares of £1-00 each, each having the rights attaching to them in the new Articles of Association as adopted pursuant to paragraph 2. above.
4. the existing issued 175,000 Ordinary Shares of £1-00 in the capital of the Company be redesignated as "B" shares of £1-00 each, each having the rights attaching to them in the new Articles of Association as adopted pursuant to paragraph 2. above.
5. pursuant to Section 80 of the Companies Act 1985 (the "Act") the directors be unconditionally authorised to exercise all the powers of the Company to allot and issue relevant securities (as defined in Section 80(2) of the Act) in the capital of the Company up to the amount of £175,100 which authority shall continue for a period of five years from the date of this Resolution."

.....  
Chairman

Company Number: 2202362

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION OF  
VENTON UNDERWRITING AGENCIES LIMITED

Passed on the *17th* day of *November* 1988

At an Extraordinary General Meeting of the Shareholders of the abovenamed Company duly convened and held at *51 Eastcheap London EC3* on the *17th* day of *November* 1988 the following resolution was passed as an Ordinary Resolution.

ORDINARY RESOLUTION

"That the share capital of the Company be increased from £100 to £175,000 by the creation of 174,900 ordinary shares of £1.00 each ranking pari passu with the existing ordinary shares in the capital of the Company and that pursuant to Section 80 of the Companies Act 1985 (the "Act") the directors of the Company be authorised to allot and issue relevant securities (as defined in Section 80(2) of the Act) up to the amount of £175,000 which authority shall continue for a period of five years from the date of this Resolution."

*[Signature]*  
CHAIRMAN  
*of the meeting*

