

THE COMPANIES ACT 1985

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COMPANY LIMITED BY SHARES

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RESOLUTION

of

CRESTCo Limited

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(Passed 27th October 1994)

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At an EXTRAORDINARY GENERAL MEETING of the above-named Company, duly convened and held at the Bank of England, Threadneedle Street London EC2R 8AH on 27th October, 1994 at 11.45 am the following resolution was passed as a Special Resolution.


SPECIAL RESOLUTION

THAT

1. pursuant to section 4 of the Companies Act 1985, the objects set out in clause 3 of the printed document produced to the Meeting and for the purpose of identification signed by the Chairman be approved and adopted as the objects of the Company in substitution for and to the exclusion of the existing objects and the Memorandum of Association be altered accordingly;
2. pursuant to section 9 of the Companies Act 1985, the Articles of Association of the Company be deleted in their entirety and the regulations contained in the document submitted to the Meeting and for the purpose of identification signed by the Chairman be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company;
3. each of the 100 Ordinary Shares of £1 in the capital of the Company be redesignated a Temporary Controlling Share of £1 having attached thereto the rights set forth in the Articles of Association as adopted by part 2 of this resolution;



4. the authorised share capital of the Company be increased from £100 to £6,015,100 by the creation of 24,060 new redeemable fixed dividend shares of £250 each having attached thereto the rights set forth in the Articles of Association of the Company as adopted by part 2 of this resolution; and
5. for the purposes of section 80 of the Companies Act 1985 (and so that expressions used in this part of this resolution shall bear the same meanings as in the said section 80) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities up to a maximum nominal amount of £6,015,000 to such persons and at such times and on such terms as they think proper during the period expiring on 30th October, 1994 and so that all previous authorities of the Directors pursuant to the said section 80 be and they are hereby revoked.



.....  
Chairman

2878738

**MEMORANDUM AND ARTICLES OF ASSOCIATION**

**- of -**

**CRESTCo LIMITED**

Travers Smith Braithwaite  
10 Snow Hill  
London EC1A 2AL

Telephone: 071-248 9133

**COMPANY NUMBER: 2878738**

**THE COMPANIES ACT 1985**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**MEMORANDUM OF ASSOCIATION**

**- of -**

**CRESTCo LIMITED**

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**(as amended by Special Resolution passed on 27th October, 1994)**

**1. The Company's name is CRESTCo LIMITED.\***

**2. The Company's registered office is to be situated in England and Wales.**

**3. The Company's objects are:-**

**(A)(i) To establish, design, construct, acquire, own and manage and operate, or, in whole or in part, arrange for the management and operation of, the CREST settlement system in accordance with the principles and requirements published by the Bank of England or otherwise as the Company may determine from time to time;**

**(ii) to establish, design, construct, acquire, own and manage and operate, or, in whole or in part, arrange for the management and operation of, a link or links between the CREST settlement system and systems for the settlement of payments or securities, including the proposed Real Time Gross Settlement payment system;**

**(iii) to develop the CREST settlement system in such a manner as the Company considers convenient or advantageous; and**

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**\* The Company changed its name from "DE FACTO 340 LIMITED" to "CRESTCo LIMITED" by a special resolution passed on 21 March, 1994 and the relevant certificate of incorporation on change of name was issued on 21 March, 1994.**

(iv) to participate in, undertake, perform and carry out all kinds of commercial, trading, business, financial and other activities, arrangements and/or operations, including entering into contracts and arrangements with any persons, in connection with or ancillary to or in order to finance (in whole or in part) any of the objects referred to in sub-paragraphs (i) to (iii) above.

(B) To carry on any other business or activity of any nature whatsoever which is in the opinion of the directors capable of being advantageously carried on in connection with or ancillary to any business of the Company hereinbefore or hereinafter authorised.

(C) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections, concessions, copyright and other intellectual property and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(D) To acquire, undertake and carry on the whole or any part of the business, goodwill, property and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is for the time being authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company.

(E) To acquire an interest in, amalgamate with, enter into partnership with or enter into any arrangement for sharing profits, for co-operation, for joint venture, for mutual assistance or otherwise with any person, firm or company carrying on or proposing to carry on any of the businesses which the Company is for the time being authorised to carry on.

(F) To purchase or otherwise acquire any property, real or personal, and any interests, rights, options or privileges of any kind whatsoever in, over or in respect of any such property.

(G) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(H) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(I) To lend, advance or deposit money or give credit on any terms with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any subsidiary or holding company of the Company or any other subsidiary of such holding company).

(J) To enter into any guarantee, bond, indemnity or counter-indemnity and otherwise give security or become responsible for the performance of any obligations or the discharge of any liabilities of or by any person, firm or company in any manner on any terms and for

any purposes whatsoever, whether with or without the Company receiving any consideration or advantage and whether or not in furtherance of the attainment of any other objects of the Company and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, by personal covenant or by mortgaging or charging all or any part of the undertaking, real and personal property, assets and revenues (present and future) and uncalled capital of the Company, the payment or repayment of any moneys owed in respect of, any debts, obligations or securities whatsoever and the discharge of any liabilities whatsoever, including but not limited to those of any company which is for the time being a subsidiary or holding company of the Company or any other subsidiary of any such holding company or is otherwise associated with the Company in business.

(K) To borrow and raise money in any manner whatsoever whether by the creation and issue of debentures, debenture stock or other securities of any description or otherwise howsoever and to secure the repayment of any money borrowed, raised or owing or any other obligation of or binding on the Company by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital.

(L) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(M) To apply for, promote, and obtain any Act of Parliament, order (including any statutory regulation), or licence of H.M. Treasury, the Department of Trade or other governmental or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(N) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(O) To subscribe for, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(P) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(Q) To promote, finance or assist any other company for the purpose of acquiring the

whole or any part of the goodwill, business, undertaking property or assets or assuming any of the liabilities of the Company, or of undertaking any business or operations which may in the opinion of the directors directly or indirectly assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(R) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the directors shall approve, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over or turn to account or otherwise deal with all or any part of the property or rights of the Company.

(S) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(T) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(U) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(V) To give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors holding any executive office of, or who are or have been employed by, the Company, or any company which is a subsidiary or the holding company of the Company or any other subsidiary of such holding company or the predecessors in business of the Company or of any such holding or subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants.

(W) To insure the life of any person or to insure against any accident to any person who may, in the opinion of the directors, be of value to the Company as having or holding for the Company interests, goodwill or influence or other assets and to pay the premiums on such insurance.

(X) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any

employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability.

(Y) To support, subscribe for or donate money to any national, charitable, benevolent, public, general or useful object or for any purpose which may in the opinion of the directors directly or indirectly further the interests of the Company or of its members, provided always that this object shall not permit the making of any political subscriptions or donations.

(Z) Subject to due compliance, and in accordance, with the provisions of sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly any kind of financial assistance (as defined in section 152(1)(a) of the Act) for any such purpose as is specified in section 151(1) and/or section 151(2) of the Act.

(AA) To distribute among the members of the Company in kind any property of the Company of whatsoever nature.

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

(CC) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

(1) None of the objects set forth in the sub-paragraphs of this paragraph 3 shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-paragraph, or by reference to or inference from the terms of any other sub-paragraph of this paragraph, or by reference to or inference from the name of the Company.

(2) None of the sub-paragraphs of this paragraph and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-paragraph, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-paragraph of this paragraph as though each such sub-paragraph contained the objects of a separate Company.

(3) The word "company" in this paragraph, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.



(4) In this paragraph 3 the expression "the Act" means the Companies Act 1985, the expressions "holding company", "subsidiary" and "subsidiary undertaking" shall have the meanings given to them by the Act provided that any reference in this paragraph 3 to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

4. The liability of the members is limited.

5. The Company's share capital is £1,000 divided into 1,000 Ordinary shares of £1 each.\*

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\* On 22 July, 1994, the authorised share capital was reduced to £100 by the cancellation of 900 Ordinary shares of £1 each. On 27th October, 1994, the authorised share capital was increased to £6,015,100 by the creation of 24,060 redeemable fixed dividend shares of £250 each and each of the issued Ordinary shares of £1 each was redesignated a Temporary Controlling Share of £1.

WE, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum and we agree to take the number of shares shown opposite our respective names.

	Number of Shares taken by each Subscriber
TRAVERS SMITH LIMITED 10 Snow Hill London EC1A 2AL	1
PETER D HILL	
TRAVERS SMITH SECRETARIES LIMITED 10 Snow Hill London EC1A 2AL	1
PETER D HILL	
TOTAL SHARES TAKEN	2

DATED the 29th day of November, 1993

WITNESS to the above signatures:

Ruth Patricia Bracken  
10 Snow Hill  
London EC1A 2AL

Solicitor's Clerk

**ARTICLES OF ASSOCIATION**

**of**

**CRESTCo LIMITED**

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# THE COMPANIES ACT 1985

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## PRIVATE COMPANY LIMITED BY SHARES

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### ARTICLES OF ASSOCIATION

- of -

### CRESTCo LIMITED

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(as adopted by Special Resolution passed on 27th October, 1994)

#### EXCLUSION OF OTHER REGULATIONS

1. This document comprises the Articles of Association of the Company and no regulations set out in any statute or statutory instrument concerning companies shall apply as Articles of Association of the Company.

#### INTERPRETATION

2.1 In these Articles the following expressions have the following meanings unless the context otherwise requires:-

Expression	Meaning
the Act	the Companies Act 1985, as amended at the date of adoption of these Articles;
Advisory Committee	the meaning given in Article 93;
Applicable Fraction	in relation to a dividend proposed to be paid in respect of an RFD Share, the fraction $\frac{100 - \text{CTR}}{100}$ where CTR means the Corporation Tax Rate on the due date of payment of the dividend;
these Articles	these Articles of Association as altered from time to time;
the auditors	the auditors for the time being of the Company;
the Bank	The Governor and Company of the Bank of England;
Basic Rate	in relation to dividends payable in respect of RFD Shares, the meaning given in Article 12.1;

the Board	the board of Directors of the Company or the Directors present at a duly convened meeting of the Directors at which a quorum is present;
Business Day	any day excluding Saturday, Sunday and any bank or public holiday in England;
clear days	in relation to the period of a notice, that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect;
Commencement Date	the date determined by the Board on which CREST begins live operation;
the Company	CRESTCo Limited;
Corporation Tax Rate	the rate per annum at which the standard rate of corporation tax is to be charged in the financial year in which a dividend is due to be paid, as fixed by law on the due date of payment of the dividend (and whether or not subsequently altered) or, if that rate is not fixed by law on that date, the latest rate which was then fixed;
CREST	the CREST settlement system;
the Directors	the directors of the Company for the time being;
Disposal Notice	the meaning given in Article 50.1;
elected	elected or re-elected;
Eligible Holder	a body corporate which is an Eligible Person, or which is a member of a Group the members of which include an Eligible Person, and which holds shares either as itself their beneficial owner or as nominee for another member of such Group, which member is itself the beneficial owner of such shares;
Eligible Person	a body corporate or other undertaking (as defined in section 259 of the Act) which (a) is an investment exchange for which CREST provides or is to provide settlement services or (b), in the opinion of the Board, is or will be engaged as a participant in CREST in one or more of the following capacities (or in such other capacity as the Board may determine from time to time): a member, a principal in relation to a member who acts as his nominee or custodian, a bank which is a CREST settlement bank or a registrar;
Excess Shares	the meaning given in Article 51.6;
Formula Value	that price at which the Basic Rate of dividend payable in respect of an RFD Share on the applicable Relevant Date

represents an annual yield equal to the rate per annum which is two per cent. per annum above the Gross Redemption Yield of the Reference Stock (taking the value of the Reference Stock as the mean of the market quotations of that Stock as appearing in the Daily Official List of the London Stock Exchange for that day), and provided that, if on any Relevant Date the Basic Rate has not been determined in accordance with Article 12.1, it shall be taken to be such rate as the Board shall determine having regard to the method by which the same is to be determined in accordance with Article 12.1;

<b>FSA</b>	the Financial Services Act 1986;
<b>Gross Redemption Yield</b>	a redemption yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part I, 1978, page 18;
<b>Group</b>	a parent undertaking and all its subsidiary undertakings for the time being (and member of a Group shall mean one such undertaking);
<b>the group</b>	the Company and its subsidiary undertakings for the time being;
<b>the holder</b>	in relation to shares, the member whose name is entered in the register as the holder of the shares;
<b>the Initial RFD Shares</b>	the 24,060 RFD Shares proposed to be issued immediately following the adoption of these Articles at a premium of £250 per Share;
<b>member</b>	a member of the Company;
<b>month</b>	calendar month;
<b>New Shares</b>	the meaning given in Article 51.5;
<b>Nominating Committee</b>	the meaning given in Article 96.1;
<b>the office</b>	the registered office for the time being of the Company;
<b>paid up</b>	paid up or credited as paid up;
<b>Prescribed Amount</b>	the meaning given in Article 12.1;
<b>Rebalancing Date</b>	the meaning given in Article 51.2;
<b>Rebalancing Exercise</b>	the meaning given in Article 51.2;
<b>Redemption Notice</b>	the meaning given, according to the context, in Articles 15.1

	and 16;
Reference Stock	8 ¾ per cent. Treasury Stock 2017;
the register	the register of members of the Company;
Related Eligible Person	an Eligible Person which is not a holder of RFD Shares but which is a member of a Group of which a holder of RFD Shares is also a member;
Release Date	whichever is the earlier of (i) the date agreed in writing prior to 30 June, 1995 (or prior to such later date as may be agreed) as the Release Date between the Board and the Advisory Committee and (ii) the Commencement Date;
Relevant Circumstance	the meaning given in Article 15.1;
Relevant Date	in relation to any issue, redemption, disposal or transfer of RFD Shares, the applicable date referred to as the Relevant Date in these Articles;
Relevant Shares	the meaning given in Article 50.2;
Retained Reserves	the meaning given in Article 12.3;
RFD Shares	redeemable fixed dividend shares of £250 each in the capital of the Company, carrying the rights and being subject to the restrictions set out in these Articles;
Sale Price	the meaning given in Article 50.5;
the secretary	the secretary of the Company or any other person appointed to perform any of the duties of the secretary of the Company including a joint, temporary, assistant or deputy secretary;
Sector	a business activity within the securities industry which is for the time being generally regarded as commercially distinct from other business activities within that industry;
the Statutes	the Act, the FSA, the Companies Act 1989 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company;
Temporary Controlling Shares	Temporary Controlling Shares of £1 each in the capital of the Company, carrying the rights and being subject to the restrictions set out in these Articles;
the United Kingdom	Great Britain and Northern Ireland;
Usage Rules	the meaning given in Article 51.3; and



year                                      calendar year.

2.2 References to writing include references to printing, typewriting, lithography, photography and any other mode or modes of presenting or reproducing words in a visible and non-transitory form.

2.3 Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.

2.4 Any words or expressions defined in the Act or the FSA shall, if not inconsistent with the subject or context and unless otherwise expressly defined in these Articles, bear the same meanings in these Articles save that the word "company" shall include any body corporate.

2.5 References to:-

2.5.1 "mental disorder" mean mental disorder as defined in section 1 of the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984 (as the case may be) and "mentally disordered" shall be construed accordingly;

2.5.2 any section or provision of any statute, if consistent with the subject or context, include any corresponding or substituted section or provision of any amending, consolidating or replacement statute;

2.5.3 "executed" include any mode of execution;

2.5.4 an Article by number are to the particular Article of these Articles;

2.5.5 a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person;

2.5.6 a person include references to a body corporate and to an unincorporated body of persons;

2.5.7 a member being present in person shall be taken to include, in the case of a body corporate, that body being present by duly authorised representative.

**SHARE CAPITAL**

3. The authorised share capital of the Company at the date of adoption of these Articles is £6,015,100 divided into 100 Temporary Controlling Shares of £1 each and 24,060 redeemable fixed dividend shares of £250 each.

4. Subject to the provisions of these Articles and to the Statutes, and without prejudice to the rights attaching to any existing shares, any share may be issued with such preferred, deferred, or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Board may determine.

5.1 Subject to the provisions of these Articles and to the Statutes, the unissued shares in the capital of the Company (whether forming part of the original or any increased

capital) shall be at the disposal of the Board, which may offer, allot or issue such shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

5.2 With the exception of the 100 Temporary Controlling Shares and of the Initial RFD Shares, no shares shall be issued by the Company prior to the date which falls two years after the Commencement Date.

5.3 Article 5.2 shall not apply:-

5.3.1 to the extent (if any) determined by the Company by ordinary resolution; or

5.3.2 to the allotment and issue of further RFD Shares in connection with or pursuant to a rights issue or similar offer to holders of RFD Shares where the further RFD Shares are offered proportionately (as nearly as may be) to the respective numbers of RFD Shares held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Board may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in, any territory.

5.4 The maximum aggregate number of RFD Shares that may be allotted and issued pursuant to Article 5.3.2 shall be such number as will raise (when added to the aggregate sums raised in connection with any previous issue or issues pursuant to Article 5.3.2) the sum of £6,000,000 by way of consideration for the shares allotted and issued.

5.5 Sections 89(1) and 90(1) to 90(6) of the Act shall not apply to any allotment of equity securities by the Company.

6.1 With the exception of the 100 Temporary Controlling Shares and the Initial RFD Shares, all shares proposed to be issued by the Company shall:-

6.1.1 be further RFD Shares which are identical to and rank *pari passu* in all respects with the Initial RFD Shares (save as respects the date from which the same shall rank for dividend);

6.1.2 be issued at a price per share equal to whichever is the higher of par and either, in the case of any shares issued pursuant to Article 5.3.2, Formula Value, or, in the case of any shares issued otherwise than pursuant to Article 5.3.2, 105 per cent. of Formula Value;

6.1.3 be issued only to a person who is, or who will on acquiring the RFD Shares concerned be, an Eligible Holder; and

6.1.4 unless and to the extent that the Board, in its absolute discretion, determines otherwise, not be issued to any person if, as a result of such issue, a Relevant Circumstance such as is referred to in either Article 15.1.2 (10 per cent. limit) or Article 15.1.3 (Sector limit) would arise.

6.2 The Relevant Date, for the purposes of determining the Formula Value referred to in Article 6.1.2, is:-

6.2.1 in the case of any shares issued pursuant to Article 5.3.2 (rights issues) or pursuant to any other rights issue or similar offer to holders of RFD Shares, such Business Day prior to the date of issue of the shares concerned as the Board shall determine;

6.2.2 in the case of any shares issued pursuant to Article 51.5 (rebalancing), the Business Day last preceding the day on which the Company informs the relevant Eligible Person or holder in writing of the number of New Shares that it is entitled to acquire; and

6.2.3 in any other case, such Business Day prior to the date of issue of the RFD Shares concerned as the Board shall determine (being a date which, in the opinion of the Board, is as close as is reasonably practicable to the date of issue of the Shares concerned).

7. The Company may exercise the powers of paying commissions conferred by the Statutes. Subject to the provisions of the Statutes, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful and reasonable.

8. Subject to the provisions of the Statutes, these Articles and any rights conferred on the holders of any other shares, shares may be issued on terms that they are, or at the option of the Company or a member are liable, to be redeemed on such terms and in such manner as may be provided by these Articles.

9. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or recognise any interest in any share, except an absolute right to the entirety thereof in the holder.

10. The Company may give financial assistance for the acquisition of shares in the Company, subject to the provisions of the Statutes.

#### **DIVIDEND RIGHTS**

11. The Temporary Controlling Shares shall carry no right to receive any dividend.

12.1 Each fully paid RFD Share shall confer upon its holder the right to receive, out of the profits of the Company available for distribution which the Board resolves to distribute as dividend, in respect of each half year period referred to below, a cumulative dividend (exclusive of any related tax credit) in the Prescribed Amount (as defined below), but shall confer no further right to receive any dividend.

The Board shall, not later than six months after the Commencement Date, determine the date from which the cumulative dividend on the RFD Shares shall commence to accrue, which shall be a date not later than one year after the Commencement Date. The first payment of such dividend shall be made on the first 26 April or 26 October to occur after such date or, if such 26 April or 26 October is not a Business Day, on the first Business Day to occur after such 26 April or 26 October. Thereafter, the cumulative dividend shall be payable on each succeeding 26 April and 26 October (or, if any such date is not a

Business Day, on the first Business Day to occur after such date).

Upon determining the date from which the dividend shall commence to accrue, the Board shall also determine the basic annual amount of such cumulative dividend on each RFD Share which shall be such that the present value at 26 October, 1994 (utilising a discount rate of 12.668 per cent. per annum and the methodology referred to in Article 12.2) of the aggregate of the basic annual amounts of all dividends which thereafter fall to be payable in respect of an RFD Share (without limit of time) in the light of such determination will be £500. The basic annual amount so determined shall be expressed as a percentage rate of the nominal amount of each RFD Share (the "Basic Rate").

The "Prescribed Amount" of each half-yearly dividend payable in respect of each RFD Share on a due date for payment shall be one half (or, in the case of the first dividend, the proportion which the number of calendar days from the commencement of accrual to and including the due date bears to 365) of the amount found by applying the Applicable Fraction of the Basic Rate to the nominal value of the RFD Share.

The Board shall notify each holder of RFD Shares in writing of the determinations made pursuant to this Article 12.1 as soon as practicable after making the same. All calculations carried out for the purpose of making such determinations shall be calculated to three decimal places (with 0.0005 being rounded upwards). Except in the case of manifest error as regards the determination of the Basic Rate, the determinations of the Board shall be final and binding on all concerned.

12.2 The present value to be determined in accordance with Article 12.1 shall be determined by reference to the following formula:-

$$100 = (100 \cdot c/y) - \sum_{i=1}^n (c/2)/(1 + y/200)^i$$

where c is the Basic Rate, y is the discount rate specified in Article 12.1 and n is the number of 26 April and 26 October dates which (commencing with 26 April, 1995) occur prior to the first such date on which a dividend falls to be paid in accordance with Article 12.1.

12.3 Without prejudice to its powers and duties under these Articles or otherwise, the Board shall endeavour to conduct the Company's business and affairs so that the Company has, by not later than the end of the third financial year following the Commencement Date, and thereafter maintains, Retained Reserves of an amount which is not less and, unless otherwise directed by an ordinary resolution, not materially greater than the aggregate annual dividend payable on all the RFD Shares in issue from time to time. In particular, but without limitation, the Board may arrange to make rebates to users for any financial year where the Retained Reserves would otherwise exceed the amount permitted in accordance with the provisions of this Article 12.3. In setting tariffs, the Board shall consider whether the tariffs which it proposes are equitable as between customers generally and between Sectors and fairly reflect the cost of providing the services concerned.

For the purposes of this Article 12.3, "Retained Reserves" means profits available for distribution (after setting aside an amount equal to the aggregate annual dividend payable on all the RFD Shares in issue from time to time so far as accrued but unpaid). If, on any date for payment of any dividend on the RFD Shares, the Company has profits available

for distribution, those profits may be applied (subject always to these Articles and applicable law) in paying the dividend then due, notwithstanding that, in consequence, the Retained Reserves may be less than the required amount, and the Board shall endeavour thereafter to conduct the Company's affairs so that the Company subsequently has, and maintains, the Retained Reserves required by this Article.

#### **RETURN OF CAPITAL RIGHTS**

13. On a return of capital on liquidation or otherwise (except on the redemption or purchase by the Company of any RFD Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied as follows:-

13.1 first, in paying to the holder of each Temporary Controlling Share a sum equal to the amount paid up or credited as paid up on such Share; and

13.2 thereafter, the balance of such assets (if any) shall be distributed to and amongst the holders of the RFD Shares (or, if there are no RFD Shares in issue, to and amongst the holders of the Temporary Controlling Shares) *pari passu* in proportion to the amounts paid up, or credited as paid up, on such Shares.

14. Except as provided in Article 13, the Temporary Controlling Shares shall carry no right to participate in the profits or assets of the Company.

#### **REDEMPTION OF RFD SHARES**

15.1 Where a Relevant Circumstance has arisen in relation to any RFD Shares or their holder, the Company may at its option redeem the RFD Shares concerned, at any time on not less than one month's notice in writing to the holder thereof (a "Redemption Notice"), and out of any profits or moneys of the Company that may be lawfully applied for the purpose, at a price per Share equal to 95 per cent. of Formula Value. A "Relevant Circumstance" arises where:-

15.1.1 the holder of the RFD Shares concerned has ceased to be an Eligible Holder of such Shares; or

15.1.2 the number of RFD Shares held by any holder (taken together with any RFD Shares held by any other member of the same Group as that holder) represents more than 10 per cent. in nominal value of the then issued RFD Shares; or

15.1.3 in the opinion of the Board (whose determination shall be final and binding on all concerned), more than 30 per cent. in nominal value of the then issued RFD Shares are held, directly or indirectly, by or for the benefit of persons operating in the same Sector (and for this purpose the Board may, to such extent as it sees fit, treat any RFD Shares held by any person as held, directly or indirectly, for the benefit of a person operating in a particular Sector where any member of a Group of which that person is a member operates in that Sector); or

15.1.4 the Company has served notice in writing on the holder concerned under Article 51.6 (rebalancing) and not less than one month has expired since the service of such notice.

**15.2** Subject as provided in Article 15.3, where a Relevant Circumstance arises, the Company may at its option redeem under Article 15.1 the following number of RFD Shares and may select the particular Shares to be redeemed:-

**15.2.1** where Article 15.1.1 applies, all (but not some only) of the RFD Shares concerned;

**15.2.2** where Article 15.1.2 applies, so many of the RFD Shares concerned as shall reduce the holding concerned (when taken together with any RFD Shares held by any other member of the same Group as that holder) to 10 per cent. (or as nearly as may be to, but not exceeding, 10 per cent.) in nominal value of the then issued RFD Shares;

**15.2.3** where Article 15.1.3 applies, so many of the RFD Shares held by any person or persons as, in the Board's opinion, ought to be redeemed to reduce the total number of RFD Shares held by or for the benefit of persons operating in the same Sector (as referred to in Article 15.1.3) to 30 per cent. (or as nearly as may be to, but not exceeding, 30 per cent.) in nominal value of the then issued RFD Shares; or

**15.2.4** where Article 15.1.4 applies, the Excess Shares referred to in Article 51.6 less any RFD Shares that the holder concerned has transferred voluntarily following service of the notice on it under Article 51.6.

**15.3.1** Where a Relevant Circumstance arises, the Company may at its option issue a Redemption Notice in respect of fewer RFD Shares than the relevant number of such Shares referred to in Article 15.2 if, at the same time, it serves a Disposal Notice under Article 50 in respect of the balance of such Shares.

**15.3.2** Where the Board becomes aware that a Relevant Circumstance such as is referred to in Article 15.1.1, 15.1.2 or 15.1.3 has arisen, the Company shall, unless in the opinion of the Board (whose determination shall be final and binding on all concerned) there are good reasons not to do so, afford the relevant holder of RFD Shares concerned a reasonable opportunity to dispose of RFD Shares held by it by voluntary transfer (such that there is no longer a Relevant Circumstance in relation to such RFD Shares or their holder), before exercising the power under Article 15.2 to redeem RFD Shares held by that holder.

**15.3.3** In exercising its powers to redeem RFD Shares under Article 15.2.3, the Company shall endeavour to act equitably as between holders of the RFD Shares concerned, but taking into account the circumstances which gave rise to the excess holding for the Sector concerned.

**15.3.4** If the Board becomes aware that a Relevant Circumstance such as is referred to in Article 15.1.3 has arisen, the Company shall, unless in the opinion of the Board (whose determination shall be final and binding on all concerned) there are good reasons not to do so, give reasonable prior notice of its intention to exercise the power under Article 15.2 (and/or under Article 50.1) to the holders of those RFD Shares which may be redeemed and/or made the subject of a Disposal Notice and of the basis for selecting the RFD Shares to be so redeemed or required to be disposed of; and any affected holder of RFD Shares may require the Board, before proceeding to exercise the power (and only if it has not already carried out such a consultation), to consult, and to take into consideration the opinion of, an independent person nominated for the purpose by the Governor of the Bank of England as to whether the Board's proposals for the exercise of the power will conform

with the provisions of Article 15.3.3. The Board will, if so requested, inform the affected holder of the opinion and, if it is not accepted by the Board, of the Board's reasons for not accepting it.

16. Any holder of RFD Shares may at its option require the Company to redeem all or part of its holding of RFD Shares, at any time on not less than one month's notice in writing to the Company (also a "Redemption Notice"), and out of any profits or moneys of the Company that may be lawfully applied for the purpose, at a price per Share equal to 95 per cent. of Formula Value, provided always that, prior to the issue of the Redemption Notice pursuant to this Article, the Board has consented in writing to the redemption of the RFD Shares concerned. The Board shall have an absolute discretion to consent (or not to consent) to any request for redemption under this Article, provided always that not more than 5 per cent. in nominal value of the RFD Shares in issue at the commencement of any financial year of the Company may be redeemed by the Company pursuant to this Article during that financial year.

17.1 The Relevant Date, for the purposes of determining the Formula Value referred to in Article 15.1 or Article 16, shall be the Business Day last preceding the date of despatch of the Redemption Notice.

17.2 Any Redemption Notice given by or to the Company shall specify the number of RFD Shares to be redeemed, the applicable Relevant Circumstance (if any), the date fixed for redemption (referred to in this Article as the "Redemption Date") and, in the case of a Redemption Notice given by the Company, the applicable price per RFD Share to be redeemed (including the relevant Formula Value). Upon the Redemption Date the holder of the RFD Shares concerned shall be bound to deliver to the Company at the office the certificates for such of the RFD Shares of which it is the holder (in order that the same may be cancelled) or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate. Upon such delivery, the Company shall pay to the holder of such RFD Shares the amount due to it in respect of such redemption as set out in these Articles. If any certificate so delivered to the Company includes any RFD Shares not falling to be redeemed on the relevant Redemption Date, a fresh certificate for such RFD Shares shall be sent to the holder delivering such certificate to the Company at its risk free of charge as soon as practicable and in any event within 14 days thereafter.

18. On redemption of any RFD Shares pursuant to Article 15 or Article 16, the Company shall pay, in addition to the applicable price per RFD Share, all arrears of the cumulative dividend payable in respect of such Shares pursuant to Article 12, being arrears due as at the date on which redemption is actually effected (and so that the dividend shall cease to accrue with effect from the dividend payment date last preceding the date on which redemption is actually effected).

19. If any holder of RFD Shares whose RFD Shares are to be redeemed shall fail or refuse to deliver up the certificate for his RFD Shares the Company may retain the redemption moneys in respect of those Shares until delivery of the certificate (or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate) but shall thereupon pay the redemption moneys to the holder of the RFD Shares in question in accordance with these Articles.

20. If the Company shall be unable, in compliance with the provisions of the Statutes, to redeem all or any RFD Shares in accordance with the provisions of these Articles on the

due date for redemption specified herein, then the Company shall redeem such RFD Shares as soon after such date as the Company shall be able to do so in compliance with the provisions of the Statutes.

## **VARIATION OF RIGHTS**

21.1 Subject to the provisions of the Statutes, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of the affected class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class (but not otherwise), provided that, in the case of any such matter as is referred to in Article 21.4.2 or Article 21.4.3, the rights attached to the RFD Shares by virtue of Article 21.4 may be varied or abrogated with the consent in writing of the holders of a majority in nominal amount of the issued RFD Shares, or with the sanction of a resolution passed at a separate general meeting of the holders of the RFD Shares by a majority of such holders as (being entitled to do so) vote in person or, where proxies are allowed, by proxy.

21.2 All the provisions of these Articles relating to general meetings shall, mutatis mutandis, apply to every such separate general meeting, except that:-

21.2.1 the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question and at an adjourned meeting one person holding shares of the class in question or his proxy;

21.2.2 any holder of shares of the class in question present in person or by proxy may demand a poll; and

21.2.3 the holder of shares of the class in question shall, on a poll, have one vote in respect of every share of such class held by him.

21.3 Subject to the terms on which any shares may be issued, and subject as provided in Article 21.4, the rights or privileges attached to any class of shares in the capital of the Company shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by anything done by the Company pursuant to Article 55.

21.4 Without prejudice to the generality of Article 21.1, the rights attached to the RFD Shares shall be deemed to be varied by:-

21.4.1 the passing of any resolution to amend the Memorandum or Articles of Association of the Company prior to the Release Date;

21.4.2 the issue of any shares (other than the Initial RFD Shares) prior to the Release Date; or

21.4.3 the passing of any ordinary resolution to sanction an increase in the



borrowing limit referred to in Article 88 prior to the Release Date.

21.5 The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if such group of shares of the class differently treated formed a separate class.

#### **SHARE CERTIFICATES**

22.1 Every person whose name is entered as a holder of any share in the register shall be entitled without payment to receive one certificate in respect of each class of shares held by him or, with the consent of the Board and upon payment of such reasonable out-of-pocket expenses for every certificate after the first as the Board shall determine, to several certificates, each for one or more of his shares.

22.2 Shares of different classes may not be included in the same certificate.

22.3 Where a holder of any share has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.

22.4 Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

22.5 Shares may not be held jointly by more than one person.

23.1 Every certificate shall be executed by the Company in such manner as the Board, having regard to the Statutes, may authorise. Every certificate shall specify the number, class and distinguishing number (if any) of the shares to which it relates and the amount paid up thereon.

23.2 The Board may by resolution decide, either generally or in any particular case or cases, that any signatures on any certificates for shares or any other form of security at any time issued by the Company need not be autographic but may be applied to the certificates by some mechanical means or may be printed on them or that the certificates need not be signed by any person.

23.3 If a share certificate is worn out, defaced, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity (with or without security) as the Board may require. In the case of loss or destruction the person to whom the new certificate is issued shall pay to the Company any exceptional out-of-pocket expenses incidental to the investigation of evidence of loss or destruction and the preparation of the requisite form of indemnity. In the case where the certificate is worn out or defaced, it may be renewed only upon delivery of the certificate to the Company.

#### **LIEN**

24. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently due or not) payable in respect of that share. The Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

25. The Company may sell in such manner as the Board decides any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice in writing has been served on the holder of the shares in question or the person entitled to such shares by reason of death or bankruptcy of the holder demanding payment of the sum presently payable and stating that if the notice is not complied with the shares may be sold.

26. To give effect to any such sale the Board may authorise some person to execute any instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale, and he shall not be bound to see to the application of the purchase money.

27. The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the liability in respect of which the lien exists so far as the same is presently payable. Any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable or any liability or engagement not likely to be presently fulfilled or discharged as existed upon the shares before the sale) be paid to the holder of (or person entitled by transmission to) the shares immediately before the sale.

#### **CALLS ON SHARES**

28. Subject to the terms of allotment the Board may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value of the shares or by way of premium); provided that (subject as aforesaid) no call on any share shall be payable within one month from the date fixed for the payment of the last preceding call and that at least fourteen clear days' notice shall be given of every call specifying the time or times, place of payment and the amount called on the members' shares.

29. A call may be revoked in whole or in part or the time fixed for its payment postponed in whole or in part by the Board at any time before receipt by the Company of the sum due thereunder.

30. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable by instalments.

31. Each member shall pay to the Company, at the time and place of payment specified in the notice of the call, the amount called on his shares. A person on whom a call is made will remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

32. If a sum called in respect of a share shall not be paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum from the day fixed for payment to the time of actual payment at such rate (not exceeding 3 per cent. per annum in excess of the published base rate for the time being of a clearing bank selected for the purpose by the Board), as the Board may decide, together with all expenses that may have been incurred by the Company by reason of such non-payment, but the Board may waive payment of interest and such expenses wholly or in part. No dividend or other payment or distribution in respect of any such share shall be paid or

distributed and no other rights which would otherwise normally be exercisable in accordance with these Articles may be exercised by a holder of any such share so long as any such sum or any interest or expenses payable in accordance with this Article in relation thereto remains due.

33. Any sum which becomes payable by the terms of allotment of a share whether on allotment or on any other fixed date, or as an instalment of a call and whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of allotment or in the notice of the call, it becomes payable. In the case of non-payment all the provisions of these Articles relating to payment of interest and expenses, forfeiture and otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

34. The Board may, if it thinks fit, receive from any member willing to advance it all or any part of the money (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon any shares held by him, and may pay upon all or any of the money so advanced (until it would but for the advance become presently payable) interest at such rate (if any) not exceeding 15 per cent. per annum, as the Board may decide. No sum paid in advance of calls shall entitle the holder of a share in respect thereof to any portion of a dividend or other payment or distribution subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

35. The Board may on the allotment of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

#### **FORFEITURE**

36. If a member fails to pay the whole or any part of any call or instalment of a call on the day fixed for payment, the Board may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any accrued interest and any costs, charges and expenses incurred by the Company by reason of the non-payment.

37. The notice shall fix a further day (not being less than seven clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time and at the place specified, the shares on which the call was made will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.

38. If the requirements of the notice are not complied with, any share in respect of which the notice has been given may, at any time before the payments required by the notice have been made, be forfeited by a resolution of the Board to that effect. Every forfeiture shall include all dividends and other payments or distributions declared in respect of the forfeited shares and not paid or distributed before forfeiture. Forfeiture shall be deemed to occur at the time of the passing of the said resolution of the Board.

39.1 Subject to the provisions of the Statutes, a forfeited share shall be deemed to be the

property of the Company and may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Board decides, either to the person who was before the forfeiture the holder or to any other person, and at any time before sale, re-allotment or other disposition the forfeiture may be cancelled on such terms as the Board decides. The Company shall not exercise any voting rights in respect of such a share. Where for the purposes of its disposal a forfeited share is to be transferred to any person the Board may authorise some person to execute an instrument of transfer of the share.

39.2 When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder, or the person entitled to the share by transmission, and an entry of the forfeiture, with the date of the forfeiture, shall be entered in the register, but no forfeiture shall be invalidated by any failure to give such notice or make such entry.

40. A person any of whose shares have been forfeited shall cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all money which at the date of forfeiture was then payable by him to the Company in respect of the shares, with interest on such money at such rate, not exceeding 15 per cent. per annum, as the Board may decide from the date of forfeiture until payment. The Board may, if it thinks fit, waive the payment of all or part of such money and/or the interest payable thereon.

41. A statutory declaration by a Director or the secretary that a share has been duly forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The statutory declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.

#### **TRANSFER OF SHARES**

42. The instrument of transfer of a share may be in any usual form or in any other form which the Board may approve.

43. The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee.

44.1 The Board may, in its absolute discretion, and without assigning any reason therefor, refuse to register any transfer of shares all or any of which are not fully paid. The Board may also refuse to register any transfer of an RFD Share:-

44.1.1 on which the Company has a lien; or

44.1.2 where the transferee is not, and will not be on acquiring the RFD Shares concerned, an Eligible Holder; or

44.1.3 where, as a result of the transfer, the transferee will hold (taken together with any RFD Shares held by any member of the same Group as the transferee)

more than ten per cent. in nominal value of the then issued RFD Shares; or

44.1.4 where, as a result of the transfer, more than thirty per cent. in nominal value of the then issued RFD Shares will, in the opinion of the Board (whose determination shall be final and binding on all concerned), be held, directly or indirectly, by or for the benefit of persons operating in the same Sector (and for this purpose the Board may, to such extent as it sees fit, treat any RFD Shares held by any person as held, directly or indirectly, for the benefit of a person operating in a particular Sector where any member of a Group of which that person is a member operates in that Sector); or

44.1.5 where, as a result of the transfer, the transferor or the transferee will hold one or more RFD Shares but fewer than sixty RFD Shares (or fewer than such other number of RFD Shares as the Board may determine from time to time).

44.2 On or prior to (but not after) the Release Date, the Board shall also refuse to register any transfer of Temporary Controlling Shares unless the transferee is the Bank, a subsidiary undertaking of the Bank or a person who has satisfied the Board that he or it will hold the Shares concerned as nominee for the Bank or for a subsidiary undertaking of the Bank.

45. The Board shall also refuse to register any transfer of shares, unless:-

45.1 the instrument of transfer is lodged (duly stamped if the Statutes so require) at the office or at such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so); and

45.2 the instrument of transfer is in respect of only one class of share;

45.3 the transfer is to one holder only; and

45.4 the transferee is a body corporate.

46. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register (except in the case of fraud) shall be returned to the person lodging it when notice of the refusal is given.

47. If the Board refuses to register a transfer, it shall within two months after the date on which the instrument of transfer was lodged with the Company send to the transferee notice of the refusal.

48. The registration of transfers of shares or of any class of shares may be suspended and the register closed at such times and for such periods as the Board may from time to time decide, provided that it shall not be closed for more than thirty days in any calendar year.

49.1 No fee shall be payable to the Company for the registration of any transfer or any other document relating to or affecting the title to any share or for making any entry in the

register affecting the title to any share.

49.2 Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

#### **POWER TO DIRECT TRANSFERS OF RFD SHARES**

50.1 Subject as provided in Article 50.3, the Company may, at any time, serve notice in writing (a "Disposal Notice") on any holder or holders of RFD Shares where a Relevant Circumstance has arisen in relation to any RFD Shares or their holder.

50.2 A Disposal Notice shall set out the applicable Relevant Circumstance and any directions given under Article 50.6, shall call for a disposal of the Relevant Shares held by the holder or holders on whom the Disposal Notice is served and may in addition require the taking of such other action (which need not be specified in the Disposal Notice) as shall be necessary to ensure that the Relevant Circumstance concerned is no longer applicable in relation to such Shares. The "Relevant Shares" are, subject as provided in Article 50.3:-

50.2.1 where the Relevant Circumstance referred to in Article 15.1.1 is applicable, all (but not some only) of the RFD Shares concerned;

50.2.2 where the Relevant Circumstance referred to in Article 15.1.2 is applicable, so many of the RFD Shares concerned as shall reduce the holding concerned (when taken together with any RFD Shares held by any other member of the same Group as that holder) to 10 per cent. (or as nearly as may be to, but not exceeding, 10 per cent.) in nominal value of the then issued RFD Shares;

50.2.3 where the Relevant Circumstance referred to in Article 15.1.3 is applicable, so many of the RFD Shares held by any person or persons as, in the Board's opinion, ought to be disposed of to reduce the total number of RFD Shares held by or for the benefit of persons operating in the same Sector (as referred to in Article 15.1.3) to 30 per cent. (or as nearly as may be to, but not exceeding, 30 per cent.) in nominal value of the then issued RFD Shares; or

50.2.4 where the Relevant Circumstance referred to in Article 15.1.4 is applicable, the Excess Shares referred to in Article 51.6 less any RFD Shares that the holder concerned has transferred voluntarily following service of the notice on it under Article 51.6.

50.3.1 Where a Relevant Circumstance arises, the Company may at its option serve a Disposal Notice in respect of fewer RFD Shares than the relevant number referred to in Article 50.2 if, at the same time, it serves a Redemption Notice under Article 15.1 in respect of the balance of such Shares. The definition of "Relevant Shares" shall be interpreted accordingly.

50.3.2 Where the Board becomes aware that a Relevant Circumstance such as is referred to in Article 15.1.1, 15.1.2 or 15.1.3 has arisen, the Company shall, unless in the opinion of the Board (whose determination shall be final and binding on all concerned) there are good reasons not to do so, afford the relevant holder of RFD Shares concerned a reasonable opportunity to dispose of RFD Shares held by it by voluntary transfer (such that

there is no longer a Relevant Circumstance in relation to such RFD Shares or their holder), before exercising its power under Article 50.1 to require the disposal of RFD Shares held by that holder.

50.3.3 In exercising its powers to require the disposal of RFD Shares under Article 50.1 where a Relevant Circumstance such as is referred to in Article 15.1.3 has arisen, the Company shall endeavour to act equitably as between holders of the RFD Shares concerned, but taking into account the circumstances which gave rise to the excess holding for the Sector concerned.

50.3.4 If the Board becomes aware that a Relevant Circumstance such as is referred to in Article 15.1.3 has arisen, the Company shall, unless in the opinion of the Board (whose determination shall be final and binding on all concerned) there are good reasons not to do so, give reasonable prior notice of its intention to exercise the power under Article 50.1 (and/or under Article 15.2) to the holders of those RFD Shares which may be made the subject of a Disposal Notice and/or redeemed and of the basis for selecting the RFD Shares to be so required to be disposed of or redeemed; and any affected holder of RFD Shares may require the Board, before proceeding to exercise the power (and only if it has not already carried out such a consultation), to consult, and to take into consideration the opinion of, an independent person nominated for the purpose by the Governor of the Bank of England as to whether the Board's proposals for the exercise of the power will conform with the provisions of Article 50.3.3. The Board will, if so requested, inform the affected holder of the opinion and, if it is not accepted by the Board, of the Board's reasons for not accepting it.

50.4 A Disposal Notice shall call for the Relevant Shares to be disposed of within one month of the service of the Notice on the holder (or such longer period as the Board in its absolute discretion considers reasonable). The Board may extend the period in which the Disposal Notice is required to be complied with and may withdraw any such Notice (whether before or after the expiration of the period referred to) if the Board in its absolute discretion so determines or if it appears to the Board that there is no, or is no longer any, Relevant Circumstance in relation to the RFD Shares concerned or the holder of such Shares. The holder of the RFD Shares concerned and any other person affected by such Notice may make representations to the Board to the effect that there is no, or is no longer any, Relevant Circumstance in relation to the RFD Shares concerned or the holder of such Shares.

50.5 If a Disposal Notice has not been complied with in all respects to the satisfaction of the Board and has not been withdrawn, the Board may, so far as it is able, arrange for the Relevant Shares to be disposed of at a price per Relevant Share equal to 95 per cent. of Formula Value (the "Sale Price") (together with such terms as the Board sees fit as regards any accrued but unpaid dividends) and shall give written notice of such disposal to the former holder. The Board may include as a term of the disposal of the Relevant Shares a legally-binding covenant on the part of the transferee in favour of the Company to make a capital contribution to the Company of an amount per RFD Share acquired which shall be specified by the Board but shall not exceed 105 per cent. of Formula Value less the Sale Price per RFD Share paid to the transferor. The manner, timing and (subject as provided herein as regards price) terms of any such disposal made or sought to be made by the Board shall be such as the Board shall determine (based, where the Board considers it appropriate to seek the same, upon advice from any appropriate person consulted by it for the purpose) to be reasonably practicable having regard to all the circumstances; and the Directors shall not be liable to any person for any of the consequences of reliance on such advice. If, on a disposal being made by the Board, Relevant Shares are held by more

than one holder the Board shall cause as near as is practicable the same proportion of each holding, as is known to it, of such Relevant Shares to be sold.

For the purposes of determining the Formula Value referred to in this Article 50.5, the Relevant Data shall be the Business Day last preceding the date of despatch of the Disposal Notice.

50.6 If the Company so directs in the Disposal Notice concerned (and the Company shall have an absolute discretion as to whether or not to so direct), a holder of a Relevant Share on whom a Disposal Notice has been served shall not in respect of that Share be entitled, until such time as the notice has been withdrawn, to attend or vote at any general meeting of the Company or of any class thereof. Where the Company so directs, the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which but for the provisions of this Article 50.6 would have attached to the Relevant Share shall vest in the chairman of such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the Board of any Share becoming or being deemed to be a Relevant Share in respect of which a direction has been given under this Article 50.6.

50.7 For the purpose of a disposal under Article 50.5, the Board may appoint any person to execute as transferor an instrument of transfer in favour of the transferee and may enter the name of the transferee in respect of the transferred RFD Shares in the register notwithstanding the absence of any share certificate and such instrument of transfer shall be as effective as if it had been executed by the registered holder and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of such a disposal shall be received by the Company (whose receipt shall be a good discharge for the purchase money) and (excluding any sums received by way of capital contribution to the Company as referred to in Article 50.5) shall be held on trust for and paid (together with interest at such rate as the Board deems appropriate) to the former holder upon surrender of the certificate in respect of the RFD Shares sold and formerly held by him. When a disposal has been made as aforesaid, the Board shall notify the former holder of the RFD Shares disposed of and inform him that the net proceeds of the disposal will be paid to him upon surrender of the certificate in respect of the RFD Shares concerned.

50.8 Any resolution or determination of, or any decision or the exercise of any discretion or power by, the Board under this Article 50 shall be final and conclusive and neither it nor they shall be obliged to give any reasons therefor. Any disposal or transfer made, or other thing done, by or on behalf, or on the authority, of the Board pursuant to the provisions of this Article 50 shall be conclusive and binding on all persons concerned and shall not be open to challenge on any ground whatsoever. Any powers, rights or duties conferred by this Article 50 on the Board may be exercised by a duly authorised committee of the Directors.

#### **BIENNIAL REBALANCING**

51.1 The purpose of this Article 51 is to permit the Board to bring about adjustments to holdings of RFD Shares to reflect the usage by Eligible Persons of the CREST settlement system. It is intended that any such adjustments will, so far as possible, be effected by voluntary transfers of RFD Shares, in accordance with and as provided in Articles 51.5 and



51.6, but the Board shall also take into account the possibility, having regard to the Company's capital needs, of effecting adjustments by issuing further RFD Shares. The provisions of this Article 51 are without prejudice to the provisions of these Articles which permit the Company to redeem or require the disposal of RFD Shares, or to refuse to issue or register the transfer of RFD Shares, where the limits referred to in Article 15.1.2 (10 per cent. limit) or Article 15.1.3 (Sector limit) are, or would if any RFD Shares were issued or transferred, be exceeded.

51.2 The Board shall first carry out the procedures required by this Article 51 (a "Rebalancing Exercise") by reference to a date which is the first Business Day which falls two years after the Commencement Date. Thereafter, a Rebalancing Exercise shall be carried out by reference to the first Business Day which falls two years after each previous date by reference to which a rebalancing exercise was due to be carried out. Any date by reference to which a rebalancing exercise is so due to be carried out is referred to in the following provisions of this Article 51 as a "Rebalancing Date".

51.3 The Board shall establish and shall publish, in such manner as the Board shall consider appropriate from time to time, rules which:-

51.3.1 measure usage of CREST; and

51.3.2 set minimum thresholds of usage which must be achieved in any financial year of the Company by any Eligible Person in order for that person and/or an Eligible Holder in respect of whom that Eligible Person is or would be a Related Eligible Person to be entitled either to hold, to continue to hold, or to acquire further RFD Shares so as to hold, specified percentages of the issued RFD Share capital.

Such rules are referred to in the following provisions of this Article 51 as "Usage Rules". The Board shall endeavour to establish Usage Rules which measure objectively usage of CREST and which, as regards that usage and the corresponding percentages of RFD Share capital which relate to such usage, are equitable amongst different categories of Eligible Person. The Board may cancel, amend or add to the Usage Rules at any time and from time to time. Any such cancellation, amendment or addition shall be published in such manner as the Board shall consider appropriate from time to time. The making of the Usage Rules (including any cancellation thereof or any amendment or addition thereto), and the determination of any question, dispute, matter or interpretation thereof or arising thereout, shall nevertheless be solely a matter for the Board whose determination shall be final, binding and conclusive on all concerned and shall not be open to challenge on any ground whatsoever. Any powers, rights or duties conferred on the Board by this Article 51 may be exercised by a duly authorised committee of the Directors.

51.4 By reference to each Rebalancing Date, the Board shall determine whether, in accordance with the Usage Rules:-

51.4.1 any Eligible Person who does not hold any RFD Shares (and who is not a Related Eligible Person of any existing holder) and who has previously indicated to the Company a desire to acquire RFD Shares, is entitled to acquire RFD Shares (and, if so, how many such Shares);

51.4.2 any holder is entitled to acquire further RFD Shares (and, if so, how many such Shares); and

51.4.3 any holder is holding too many RFD Shares (and, if so, how many such Shares).

51.5 Where Article 51.4.1 or Article 51.4.2 applies, the Company shall, as soon as practicable after such determination, inform each relevant Eligible Person or holder concerned in writing of the number of further RFD Shares that such person is entitled to acquire (referred to in these Articles as "New Shares").

Where Article 51.4.1 or Article 51.4.2 applies, each Eligible Person or holder concerned shall, if it wishes to acquire any of the New Shares concerned, make all reasonable efforts to acquire such Shares by voluntary transfer from another holder of RFD Shares as soon as practicable after receipt by such Eligible Person or holder of details of the number of New Shares which it is entitled to acquire. Subject to having made such efforts (and to having demonstrated to the Company's reasonable satisfaction, if required, that it has made such efforts), the Eligible Person or holder concerned shall be entitled, by notice in writing to the Company given not later than one month after receipt by such person of details of the number of New Shares which such person is entitled to acquire, to require the Company either to issue to that person or as it may direct (in accordance with, and subject as provided in, Article 6) or to procure the transfer to such person or as it may direct (subject as provided in Article 44) of all or any of the New Shares. As soon as practicable after receipt of such notice, the Company shall, to the extent that (and as soon as) it is able to do so having regard to the then authorised but unissued RFD Share capital and the Statutes, issue the New Shares to the person concerned and/or, to the extent that it has power to do so under these Articles or is able to arrange the same, procure the transfer of the New Shares to the person concerned. The number of New Shares to be so issued or transferred shall be reduced by any RFD Shares that the person concerned (or a Related Eligible Person of the person concerned) has acquired or agreed to acquire by transfer between the date on which the Board determines the relevant number of New Shares and the date on which the Company is or becomes able to issue or procure the transfer of RFD Shares to the person concerned under this Article 51.5 (and the definition of "New Shares" shall be interpreted accordingly).

The Company may satisfy its obligation to procure that the person concerned acquires the New Shares partly by issuing further RFD Shares and partly by procuring or arranging for the transfer of RFD Shares, and may do so at different times (as and when it is able to do so) until the person concerned has acquired, in total, all the New Shares, provided always that the Company's obligation to issue further RFD Shares or to procure or arrange for the transfer of RFD Shares under this Article 51.5 shall cease at the expiry of one month (or such longer period as the Board may determine) after receipt by the Company of the notice from the person concerned requiring the Company to issue or procure the transfer of the New Shares concerned. Any transfer shall be on terms that the person concerned shall both pay a sum equal to 95 per cent. of Formula Value for each New Share acquired to the transferor of the New Shares concerned (and provided always that the transferor and transferee shall be free to agree such terms as they see fit as regards any accrued but unpaid dividends) and shall, if the Board so requires, make a capital contribution to the Company of an amount per New Share acquired which shall be specified by the Board but shall not exceed 105 per cent. of Formula Value less the consideration per New Share paid to the transferor. For the purposes of determining the Formula Value referred to in this Article 51.5, the Relevant Date shall be the Business Day last preceding the day on which the Company informs the relevant Eligible Person or holder concerned in writing of the number of New Shares unless, in the case of a transfer, the transfer is made under

provisions of these Articles which prescribe a different Relevant Date.

51.6 Where Article 51.4.3 applies, the Company shall, as soon as practicable after such determination, inform the relevant holder by notice in writing of the excess number of RFD Shares that, in accordance with the Usage Rules, the holder is then holding (the "Excess Shares"). The holder concerned shall make all reasonable efforts to dispose of the Excess Shares concerned by voluntary transfer as soon as practicable after receipt of such notice from the Company. If such holder is not able to dispose of the Excess Shares within one month of service of such notice, Articles 15 and 50 will become applicable so as to enable the Company to redeem and/or to require the disposal of the Excess Shares.

#### **ALTERATION OF SHARE CAPITAL**

52. The Company may by ordinary resolution:-

52.1 increase its share capital by such sum to be divided into shares of such amount and having such rights as the resolution shall prescribe;

52.2 consolidate all or any of its share capital into shares of a larger amount than its existing shares;

52.3 subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of a smaller amount (provided that the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived) and the resolution may determine that as between the shares resulting from the sub-division any of them may have any preference or advantage or be subject to any restriction as compared with the others; and

52.4 cancel any shares which, at the date of the passing of the resolution, have not been subscribed for, or agreed to be subscribed for, by any person, and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

53. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share the Board may deal with the fractions as it thinks fit and in particular may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Statutes, the Company) and distribute the net proceeds of sale (subject to retention by the Company of amounts not exceeding £3 the cost of distribution of which would be disproportionate to the amounts involved) in due proportion among those members, and the Board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with, the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

54. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

#### **PURCHASE OF OWN SHARES**

55. Subject to the provisions of the Statutes, the Company may purchase all or any of

its own shares of any class (including any redeemable shares) and may make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares. Every contract providing for the purchase by the Company of shares in the Company shall be authorised by such resolution of the Company as may be required by the Statutes and, if the Company has in existence any shares which entitle the holders to convert them (whether immediately or otherwise) into equity share capital of the Company, by an extraordinary resolution passed at a separate class meeting of the holders of such convertible shares.

56. Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

#### **GENERAL MEETINGS**

57. The Company shall hold annual general meetings which shall be convened by the Board in accordance with the Statutes.

58. All general meetings other than annual general meetings shall be called extraordinary general meetings.

59. The Board may call an extraordinary general meeting whenever it thinks fit, and, on the requisition of members in accordance with the Act, it shall forthwith proceed to convene an extraordinary general meeting for a date not more than twenty-eight days after the date of the notice convening the meeting. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or, if there is no Director within the United Kingdom, any member of the Company may call a general meeting.

#### **NOTICE OF GENERAL MEETINGS**

60. An annual general meeting and an extraordinary general meeting where such extraordinary general meeting is called for the passing of a special resolution or a resolution appointing a person as a Director, shall be called by at least twenty-one clear days' notice in writing. All other extraordinary general meetings shall be called by at least fourteen clear days' notice in writing, but a general meeting may be called by shorter notice if it is so agreed:-

60.1 in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

60.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify:-

60.2.1 whether the meeting is an annual general meeting or an extraordinary general meeting;

60.2.2 the day, time and place of the meeting;

60.2.3 in the case of special business, the general nature of the business to be transacted;

60.2.4 if the meeting is convened to consider a special or extraordinary resolution, the intention to propose the resolution as such;

60.2.5 with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

Subject to the provisions of these Articles and to any restriction imposed on any holder, notice shall be given to all members, the Directors and the auditors.

61. The accidental omission to send a notice of any meeting, or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by such a person, shall not invalidate the proceedings at the meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

62. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting with the exception of sanctioning or declaring dividends, the consideration of the accounts and balance sheet, the reports of the Directors and auditors and any other documents required to be annexed to the balance sheet, the appointment of Directors in the place of those retiring by rotation or otherwise, the appointment of auditors where special notice of such appointment is not required by the Statutes, and the fixing of, or the determining of the method of fixing, the remuneration of the auditors and the giving, variation or renewal of any authority of the Board for the purposes of section 80 of the Act.

63.1 No business shall be transacted at any general meeting unless a quorum is present but the absence of a quorum shall not preclude the choice or appointment of a chairman in accordance with these Articles (which shall not be treated as part of the business of the meeting). Subject to Article 63.2 and to Article 64, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

63.2 Subject to Article 64, with effect from the Release Date, and provided that there are RFD Shares in issue, the quorum for general meetings shall be two or more holders of RFD Shares present in person or by proxy and holding, or together holding, not less than 25 per cent. in nominal value of the then issued RFD Shares.

64. If within half an hour from the time fixed for the meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day and to such time and place (being not less than seven nor more than twenty-eight days thereafter) as may be fixed by the chairman of the meeting. At such adjourned meeting a quorum shall be two members present in person or by proxy and entitled to vote. If a quorum is not present within half an hour from the time fixed for holding the adjourned meeting or if during the adjourned meeting a quorum ceases to be

present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice in writing of any meeting adjourned through lack of a quorum and such notice shall state the quorum requirement.

65. The chairman of the Board or in his absence the deputy chairman shall preside as chairman at every general meeting of the Company. If there is no such chairman or deputy chairman, or if at any meeting neither the chairman nor the deputy chairman is present within fifteen minutes after the time fixed for holding the meeting or if neither is willing to act as chairman of the meeting, the Directors present shall choose one of themselves or if no Director is present, or if all the Directors present decline to take the chair, the members present and entitled to vote shall choose one of themselves to be chairman of the meeting.

66. Without prejudice to any other power of adjournment which he may have under these Articles or at common law, the chairman of a meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or indefinitely) and from place to place. No business shall be transacted at any adjourned meeting except business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for an indefinite period the time and place for the adjourned meeting shall be fixed by the Board. Whenever a meeting is adjourned for fourteen days or more or for an indefinite period, seven clear days' notice at the least, specifying the place, the day and the time of the adjourned meeting and the general nature of the business to be transacted shall be given in the same manner as in the case of an original meeting. Save as provided in these Articles it shall not otherwise be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

67. If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting shall nevertheless be duly constituted and its proceedings valid provided that the chairman is satisfied that adequate facilities are available to ensure that any member who is unable to be accommodated is nonetheless able to participate in the business for which the meeting has been convened and to hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere, and to be heard and seen by all other persons so present in the same manner.

68. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands (or on the withdrawal of any other due demand for a poll) a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded:-

68.1 by the chairman of the meeting; or

68.2 by at least two members present in person or by proxy and entitled to vote at the meeting; or

68.3 by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

68.4 by a member or members present in person or by proxy holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

69. If a poll is duly demanded, it shall be taken in such manner as the chairman of the meeting may direct. The chairman may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

70. A poll demanded as respects the election of the chairman of a meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman of the meeting directs, but in any case not more than twenty-eight days after the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with pending the completion of the poll. The demand for a poll may be withdrawn at any time before the poll is taken. If a poll is demanded before the declaration of the result of a show of hands and the demand is subsequently duly withdrawn, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

71. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a further or casting vote in addition to the votes to which he may be entitled as a member or as a representative or proxy of a member.

72. A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

#### **VOTES OF MEMBERS**

73.1 Subject to any terms as to voting upon which any shares may be issued or may for the time being be held and to the provisions of these Articles, every holder of Temporary Controlling Shares who is present in person shall have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote for each Temporary Controlling Share of which he is the holder. With effect from the Release Date, the Temporary Controlling Shares shall cease to carry any right to vote and the holders of such Shares shall cease to be entitled to receive notice of and to attend any general meeting of the Company, save in each case at any time when there are no RFD Shares in issue.

73.2 Prior to the Release Date, the RFD Shares shall carry no right to vote (but the

holders of such Shares shall be entitled to receive notice of and to attend any general meeting of the Company).

73.3 Subject to any terms as to voting upon which any shares may be issued or may for the time being be held and to the provisions of these Articles, every holder of RFD Shares who is present in person shall, with effect from the Release Date, have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote for each RFD Share of which he is the holder.

74. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

75. No member shall, unless the Board otherwise determines, be entitled to vote at any general meeting or at any separate general meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

76. If any objection shall be raised as to the qualification of any voter or if any votes have been counted which should not have been counted or it shall be alleged that any votes have not been counted which ought to have been counted the objection or allegation shall not vitiate the decision on any resolution unless the same is raised or pointed out at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the alleged error occurs. Any objection or allegation made in due time shall be referred to the chairman of the meeting, and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the objection or allegation is justified and that the decision of the meeting may have been affected. The decision of the chairman shall be final and conclusive.

77. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution proposed as a special or extraordinary resolution no amendment to it (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

78. Forms of instrument of proxy shall be in any usual form or in such other form as the Board may approve. Forms of instrument of proxy shall be sent by the Company to all persons entitled to notice of and to attend and vote at any meeting, and shall provide for voting both for and against all resolutions to be proposed at that meeting other than resolutions relating to the procedure of the meeting. The accidental omission to send an instrument of proxy or the non-receipt thereof by any member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting. The instrument of proxy shall be executed by or on behalf of the appointor and shall be deemed to confer authority to demand, or concur in demanding, a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. A corporation may appoint a corporate representative in accordance with Article 79 or execute an instrument of proxy either under seal or under the hand of two directors or a director and the secretary or a duly authorised officer. A proxy need not be a member of the Company.

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative



at any meeting of the Company or of any class of members of the Company, and (except as otherwise provided in these Articles) the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. A certified copy of such a resolution shall be deposited at the office not less than forty-eight hours before the time appointed for holding the meeting or first meeting at which the person so authorised is to act, or, in the case of a poll taken subsequent to the meeting or first meeting, not less than twenty-four hours before the time appointed for the taking of the poll, and unless such certified copy of such resolution is so deposited the authority granted by such resolution shall not be treated as valid. Where certified copies of two or more valid but differing resolutions authorising any person or persons to act as the representative of any corporation pursuant to this Article at the same meeting in relation to the same share are deposited at the office, the resolution, a certified copy of which is deposited with the Company (in accordance with this Article) last in time (regardless of the date of such certified copy or of the date upon which the resolution set out there was passed), shall be treated as revoking and replacing all other such authorities as regards that share but if the Company is unable to determine which of any such two or more valid but differing resolutions was the one so deposited last in time, none of them shall be treated as valid in respect of that share. The authority granted by any such resolution shall, unless the contrary is stated in the certified copy thereof deposited with the Company pursuant to this Article, be treated as valid for any adjournment of any meeting at which such authority may be used as well as at such meeting. A corporation which is a member of the Company may authorise more than one person to act as its representative pursuant to this Article in respect of any meeting or meetings and such a member who holds different classes of shares may so authorise one or more different persons for each class of share held.

80. The instrument of proxy and the power of attorney or other written authority (if any) under which it is signed, or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 or the Enduring Powers of Attorney Act 1986 (or any statutory modification or re-enactment thereof for the time being in force) of any such power or written authority, shall be deposited at the office (or at such other place as shall be specified in the notice of meeting or in any instrument of proxy or other document accompanying the same) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll taken subsequently to the meeting or adjourned meeting, not less than twenty-four hours before the time appointed for taking the poll, and (save as otherwise provided in this Article) until so deposited the instrument of proxy shall not be treated as valid. Where a poll is not taken forthwith but is taken less than forty-eight hours after it was demanded, the instrument of proxy together with any other documents required to be deposited pursuant to the preceding sentence of this Article shall be deemed to have been duly deposited if handed to the chairman of the meeting at which the poll is to be taken at any time prior to the commencement of such meeting and if so delivered the instrument of proxy shall be treated as valid. The deposit or delivery of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjourned meeting. When two or more valid but differing instruments of proxy are deposited or delivered in respect of the same share for the use at the same meeting, the one which is deposited or delivered with the Company (in accordance with the provisions of this Article) last in time (regardless of its date or of the date of its execution) shall be treated as replacing and revoking any others as regards that share and if the Company is unable to determine which of any such two or more valid but

differing instruments of proxy was so deposited or delivered last in time, none of them shall be treated as valid in respect of that share. No instrument of proxy shall be valid after the expiration of twelve months from the date stated in it as the date of its execution. The instrument of proxy shall, unless the contrary is stated, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

81. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination shall have been received by the Company at the office (or other place at which the instrument of proxy was duly deposited) before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used or, in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting, the time appointed for taking the poll.

#### DISCLOSURE OF INFORMATION

82.1 The Company may by notice in writing (in this Article 82 called a "Disclosure Notice") require any holder of RFD Shares to disclose to the Company in writing such information as the Company shall reasonably require relating to the ownership of or interests in the RFD Shares in question (supported if the Company so requires by a statutory declaration and/or by independent evidence), including (without prejudice to the generality of the foregoing) any information which the Company shall deem necessary or desirable in order to determine whether or not a Relevant Circumstance (as defined in Article 15.1, but excluding any such circumstance as is referred to in Article 15.1.4) has arisen in relation to the RFD Shares concerned. Where required to do so by the holder concerned, the Company shall keep any such information disclosed to it confidential, unless such information is or becomes (without fault on the part of the Company) in the public domain or except to the extent that the Company is or becomes obliged to disclose the same by law or by any regulatory or governmental authority.

82.2 The Company may give a Disclosure Notice pursuant to Article 82.1 at any time and the Company may give one or more than one such Notice to the same member in respect of the same RFD Shares.

82.3 Without prejudice to Article 82.1, a holder of RFD Shares who becomes aware that a Relevant Circumstance (as defined in Article 15.1, but excluding any such Relevant Circumstance as is referred to in Article 15.1.3 or Article 15.1.4) has or may have arisen in relation to any RFD Shares of which he is the holder shall forthwith give notice in writing of the same to the Board.

82.4 Where, in respect of any RFD Shares, any holder has been issued with a Disclosure Notice and has failed in relation to any RFD Shares (the "Default Shares") to comply with the Notice and to give the Company the information required by such Notice within twenty-eight days from the date of service of the Notice, then the Company may serve on the holder of such Default Shares a notice (in this Article 82 called a "Disenfranchisement Notice") whereupon the following sanctions shall apply:-

82.4.1 such holder shall not with effect from the service of the Disenfranchisement Notice be entitled in respect of the Default Shares to be present or to vote (either in person or by representative or by proxy) either at any general meeting or at any separate general meeting of the holders of any class of

shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

82.4.2 any dividend or other moneys payable in respect of the Default Shares shall be withheld by the Company which shall not be under any obligation to pay interest on it.

82.5 Any new shares in the Company issued in right of Default Shares shall be subject to the same sanctions as apply to the Default Shares provided that any sanctions applying to, or to a right to, new shares by virtue of this Article 82.5 shall cease to have effect when the sanctions applying to the related Default Shares cease to have effect (and shall be suspended or cancelled if and to the extent that the sanctions applying to the related Default Shares are suspended or cancelled) and provided further that Article 82.1 shall apply to the exclusion of this Article 82.5 if the Company gives a separate Disclosure Notice in relation to the new shares.

82.6 The Company may at any time withdraw a Disenfranchisement Notice by serving on the holder of the Default Shares a notice in writing to that effect (in this Article 82 called a "Withdrawal Notice"). A Disenfranchisement Notice shall be deemed to have been withdrawn at the end of the period of 14 days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the Disclosure Notice in respect of all the shares to which the Disenfranchisement Notice related. Upon any withdrawal, any dividend or other moneys payable in respect of the Default Shares but withheld pursuant to Article 82.4.2 shall be paid to the holder forthwith (but without interest).

82.7 Unless and until a Withdrawal Notice is duly served or a Disenfranchisement Notice is deemed to have been withdrawn or the shares to which a Disenfranchisement Notice relates are transferred, the sanctions referred to in Articles 82.4 and 82.5 shall continue to apply.

82.8 For the purpose of this Article 82:-

82.8.1 "interests" in shares shall be construed as it is for the purpose of section 212 of the Act and as if the Company were a public company; and

82.8.2 reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes:-

(i) reference to his having failed or refused to give all or any part of it; and

(ii) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular.

## **BORROWING POWERS**

83. Subject as hereinafter provided, the Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Statutes, to issue

debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

84. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by such exercise the Board can secure) that the aggregate amount for the time being outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not without the previous sanction of an ordinary resolution of the Company exceed, prior to the date which falls one year after the Commencement Date, an amount equal to £35,000,000 less the aggregate of (a) the total consideration received by the Company for the issue of the Initial RFD Shares and (b) the aggregate sums received by the Company in consideration for further RFD Shares allotted and issued pursuant to Article 5.3.2 (rights issues).

85. Following the date which falls one year after the Commencement Date, the Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by such exercise the Board can secure) that the aggregate amount for the time being outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the adjusted share capital. For the purpose of the above restriction the "adjusted share capital" means the aggregate from time to time of:-

85.1 the amount paid up on the issued share capital of the Company; and

85.2 the amount standing to the credit of the share premium account of the Company;

all as shown in the latest audited balance sheet of the Company but adjusted as may be necessary to take account of any variation in the amount paid up or credited as paid up on the issued share capital of the Company and in the share premium account since the date of such balance sheet and so that for the purpose of making such adjustments, if any issue or proposed issue of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall, to the extent so underwritten, be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional).

86. For the purpose of Articles 84 and 85, "borrowings" shall be deemed to include not only borrowings but also the following except insofar as otherwise taken into account:-

86.1 the nominal amount of any issued share capital and the principal amount of any debentures or borrowed money the beneficial interest in which is not for the time being owned by a member of the group, of any body whether corporate or unincorporate and the redemption or repayment of which is the subject of a guarantee or indemnity by a member of the group;

86.2 the outstanding amount raised by acceptances by any bank or accepting house



under any acceptance credit opened on behalf of and in favour of any member of the group;

86.3 the principal amount of any debenture (whether secured or unsecured) of a member of the group owned otherwise than by a member of the group;

86.4 the principal amount of any preference share capital of any subsidiary undertaking owned otherwise than by a member of the group; and

86.5 any fixed or minimum premium payable on final redemption or repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

86.6 borrowings incurred by any member of the group for the purpose of repaying the whole or any part of any borrowings by a member of the group for the time being outstanding within six months of being so borrowed, pending their application for that purpose within that period.

87. When the aggregate amount of borrowings required to be taken into account for the purposes of these Articles on any particular day is being ascertained, any money denominated or repayable (or repayable at the option of any person other than any member of the group) in a currency other than sterling shall, if not subject to a contract or arrangement determining the rate of exchange, be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing in London at the close of business on the last Business Day before that day or, if it would result in a lower sterling equivalent, at the rate of exchange prevailing in London six months before such day (and for this purpose the rate of exchange shall be taken as the middle market rate as at the close of business on the day in question or, if that is not a Business Day, on the last Business Day before the day in question).

88. A certificate or report by the auditors as to the amount of any borrowings or to the effect that the limit imposed by these Articles has not been or will not be exceeded at any particular time or times shall be conclusive evidence of the amount or of that fact. For the purposes of their computation, the auditors may at their discretion make such further or other adjustments (if any) as they think fit.

89. Notwithstanding the foregoing no lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by Article 84 or Article 85 is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or security given that the limit had been or was thereby exceeded.

#### **NUMBER AND QUALIFICATION OF DIRECTORS**

90. Unless and until otherwise determined by ordinary resolution of the Company, the Directors shall be not less than two nor more than eighteen in number.

91. A Director shall not be required to hold any shares of the Company by way of qualification.

## **ELECTION APPOINTMENT AND RETIREMENT BY ROTATION OF DIRECTORS**

92.1 Prior to the Release Date, the holder of the majority of the issued Temporary Controlling Shares shall be the only person entitled to appoint and (subject to the Statutes) to remove Directors.

92.2 Any appointment or removal from office of a Director under this Article 92 shall be in writing and signed by or on behalf of the holder of the majority of the issued Temporary Controlling Shares and shall take effect at the time it is served on the Company at the office.

92.3 The power to appoint and remove Directors under this Article 92 shall cease to have effect on (and with effect from) the Release Date. In addition, all Directors appointed pursuant to this Article 92 shall cease to be Directors on the Release Date.

93. The first Directors appointed by the holder of the majority of the issued Temporary Controlling Shares under Article 92 shall appoint an advisory committee (the "Advisory Committee") to advise the Board on all matters relating to the affairs of the Company and the establishment of CREST, other than the production and construction of the computer and communications system(s) for CREST and the production and distribution of ancillary material. The Advisory Committee shall consist of persons (who need not be Directors) selected by the Board. The Board may appoint and remove members of the Advisory Committee from time to time by notice in writing to such persons (subject, in the case of appointments, to the appointee having consented to be a member of the Advisory Committee). Appointments may be made for such terms, which need not be uniform, as the Board thinks fit. The sole function of the Advisory Committee shall be to tender advice to the Board as aforesaid and the Advisory Committee shall have no powers to bind the Company, nor shall its members be considered by virtue of their membership to be Directors or in any other manner to have duties or obligations to members or third parties.

94. The Advisory Committee shall be dissolved on and with effect from the Release Date.

95.1 The holder of the majority of the issued Temporary Controlling Shares shall also be entitled to appoint, on the Release Date, up to eighteen Directors. Such Directors shall include persons fairly representing, in the opinion of the holder of the majority of the issued Temporary Controlling Shares (which shall not be open to challenge), the different, or the principal different, interests and types of Eligible Persons then holding RFD Shares or Related Eligible Persons in respect of whom RFD Shares are then held. Article 92.2 shall apply as regards the manner of appointment of such Directors.

95.2 Following the exercise of its right to appoint Directors under Article 95.1, and subject as provided in Article 96, the holder of the majority of the issued Temporary Controlling Shares shall have no further right to appoint or remove Directors under these Articles.

96.1 The holder of the majority of the issued Temporary Controlling Shares shall, on the Release Date, appoint a nominating committee (the "Nominating Committee") consisting of persons (who shall not be Directors) who, in its opinion, are of high competence and standing in the securities industry. Thereafter, the Board shall maintain the Nominating Committee and may appoint and remove members of the Nominating Committee from time to time by notice in writing to such persons (subject, in the case of appointments, to the

appointee being a person who, in the opinion of the Board, is of high competence and standing in the securities industry and to such appointee having consented to be a member of the Nominating Committee).

96.2 The Nominating Committee shall, in respect of each annual general meeting occurring after the Release Date, prepare and deliver to the Company not less than 35 days prior to the date on which the annual general meeting is proposed to be held, a list of the persons whom it considers should be proposed as Directors at the annual general meeting concerned (being a number of persons equal to the number of vacancies that will occur at the annual general meeting concerned as a result of retirements by rotation or otherwise in accordance with these Articles). For the avoidance of doubt, the candidates to be proposed by the Nominating Committee may comprise or include all or any of the Directors retiring by rotation or otherwise at the annual general meeting concerned. The Board shall give the Nominating Committee not less than 65 days' notice of the date on which it is proposed to hold each annual general meeting occurring after the Release Date.

96.3 The Nominating Committee shall not include any person as a candidate on any such list as is referred to in Article 96.2 without first obtaining that person's consent to such inclusion. In determining the candidates to be proposed by the Nominating Committee, the Committee shall seek (but so that its performance of this obligation shall not be open to challenge) to observe the following guidelines:-

96.3.1 in the Nominating Committee's opinion, each candidate shall be of high competence and standing in his field and shall be likely to function effectively as a Director; and

96.3.2 in the Nominating Committee's opinion, the candidates taken with the continuing Directors as a whole shall represent a balanced range with a diversity of experience and knowledge and reflect a reasonable balance between the different interests and types of Eligible Persons who are then holders of RFD Shares and Related Eligible Persons in respect of whom RFD Shares are then held.

96.4 A person may be proposed for appointment or re-appointment as a Director at a general meeting on the recommendation of the Board or if notice of intention has been given in accordance with Article 96.5. The Board shall not recommend any person for appointment (or re-appointment) as a Director at any annual general meeting other than a person included in the list delivered to the Company in accordance with Article 96.2.

96.5 Not less than fourteen nor more than thirty-five clear days before the date appointed for each annual general meeting, notice executed by holders of RFD Shares together representing not less than one-eighth of the total voting rights of all members having the right to vote thereat may be given to the secretary of the intention to propose any person for appointment or re-appointment as a Director, stating the particulars which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors, together with notice executed by that person of his willingness to be appointed or re-appointed.

96.6 The Board shall take all reasonable steps to cause notice to be given, not less than seven days before the date appointed for holding each annual general meeting, to all who are entitled to receive notice of the meeting, of any person (other than a Director retiring by rotation at the meeting) who is recommended by the Board for appointment or

re-appointment as a Director at the meeting or in respect of whom notice has been duly given to the Company under Article 96.5 of the intention to propose him at the meeting for appointment or re-appointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors.

97. Subject to the person concerned having been proposed for appointment or re-appointment as a Director as referred to in Article 96.4, the Company may by ordinary resolution passed at an annual general meeting elect a person who is willing to act to be a Director either to fill a vacancy or as an additional Director; but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.

98. A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void. For the purposes of this Article a motion for approving a person's appointment or for nominating for appointment shall be treated as a motion for his appointment.

99. The Board shall have power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for election (subject to Articles 96.2 and 96.4), but shall not be taken into account in determining the Directors to retire by rotation at such meeting under the provisions in that behalf contained in these Articles, and unless so elected shall vacate office at the conclusion of such meeting.

100. At each annual general meeting occurring after the Release Date, one-third of the Directors who are subject to rotation or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office, provided always that, at the third annual general meeting occurring after the Release Date, all Directors appointed under Article 95.1 who have not retired by rotation at the previous two annual general meetings shall retire from office.

101.1 Without prejudice to Article 97, but subject as provided in Article 101.2, the Directors to retire by rotation shall be those who have been longest in office since their last election; as between persons who became or were last elected Directors on the same day, those to retire by rotation shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire (both as to number and as to identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors or the appointment of him or any of them to be an executive Director after the date of such notice but before the close of the meeting.

101.2 The holder of the majority of the issued Temporary Controlling Shares shall be entitled to determine, by notice in writing to the Company given on the Release Date, and in its absolute discretion, those Directors appointed by it under Article 95.1 who are to retire by rotation at each of the three annual general meetings next following the Release Date. Failing any such determination, Article 101.1 shall apply so as to determine the



Directors appointed by the holder of the majority of the issued Temporary Controlling Shares who are to retire at each such annual general meeting.

102. Subject as provided in Article 96.4, a retiring Director shall be eligible for re-election. If he is not re-elected or deemed to be re-elected he shall hold office until the meeting elects someone in his place, or if it does not do so, until the end of the meeting.

103. If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, and subject to the retiring Director having been proposed for re-appointment as referred to in Article 96.4, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and lost.

#### **RESIGNATION AND REMOVAL OF DIRECTORS**

104. A Director may resign his office by notice in writing submitted to the Board.

105. The Company may by ordinary resolution of which special notice has been given in accordance with section 379 of the Act remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company.

#### **DISQUALIFICATION OF DIRECTORS**

106. Without prejudice to the other provisions of these Articles, the office of a Director shall be vacated if the Director:-

106.1 becomes bankrupt or the subject of an interim receiving order or makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;

106.2 is or may be suffering from mental disorder and either:-

106.2.1 is admitted to hospital pursuant to an application for admission for treatment under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984; or

106.2.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) on the ground (howsoever formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

106.3 is absent from meetings of the Board for six consecutive months without permission of the Board and the Board resolves that his office be vacated;

106.4 ceases to be a Director by virtue of any provision of the Statutes or becomes prohibited by law from being a Director;

106.5 receives written notice signed by all the other Directors removing him from office without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company;

106.6 in the case of a Director who holds any executive office, ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other Directors resolve that his office be vacated; or

106.7 is expelled from membership of, or registration with, any recognised self-regulating organisation.

107. A resolution of the Board declaring a Director to have vacated office under the terms of Article 106 shall be conclusive as to the fact and grounds of vacation stated in the resolution.

#### **REMUNERATION OF DIRECTORS**

108. The Directors of the Company shall be paid such remuneration (by way of fee) for their services as may be determined by the Board save that unless otherwise approved by ordinary resolution of the Company in general meeting the aggregate of the remuneration (by way of fee) of all the Directors shall not exceed £400,000 per annum. Such remuneration shall be deemed to accrue from day to day, shall be divided between the Directors as they shall agree, or, failing agreement, equally and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses of travelling to and from Board meetings, committee meetings, general meetings, or otherwise incurred while engaged on the business of the Company.

109. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission or otherwise as the Board may decide.

#### **POWERS OF THE BOARD**

110. Subject to the provisions of the Statutes, the memorandum of association of the Company, these Articles and any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company. No alteration of the memorandum of association of the Company or of these Articles and no directions given by special resolution shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

111. The Board may from time to time make such arrangements as it thinks fit for the management and transaction of the Company's affairs in the United Kingdom or elsewhere and may for that purpose appoint local boards, managers, inspectors and agents and delegate to them any of the powers, authorities and discretions vested in the Board with power to sub-delegate and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding such vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions

as the Board thinks fit. The Board may at any time remove any person so appointed and may vary or annul such delegation but no person dealing in good faith and without notice of such removal, variation or annulment shall be affected by it.

112. The Board may from time to time by power of attorney appoint any company, firm or person, or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. The Board may revoke or vary any such appointment but no person dealing in good faith and without notice of such revocation or variation shall be affected by it.

113. The Board may delegate any of its powers to any committee consisting of one or more Directors. It may also delegate to any managing Director or any Director holding any other executive office or any other Director such of its powers as it considers desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of its own powers and may be revoked or altered but no person dealing in good faith and without notice of such revocation or variation shall be affected by it. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of the Board so far as they are capable of applying. If any such committee determines to co-opt persons other than Directors on to such committee, the number of such co-opted persons shall be less than one half of the total number of members of the committee and no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting concerned are Directors.

#### **CHIEF EXECUTIVE, MANAGING AND EXECUTIVE DIRECTORS**

114. The Board may from time to time:-

114.1 appoint one or more of its body to the office of chief executive, managing Director or joint managing Director, or to any other office (except that of auditor) or employment in the Company, for such period (subject to the Statutes and these Articles) and on such terms as it thinks fit, and may revoke such appointment (but so that such revocation shall be without prejudice to any rights or claims which the person whose appointment is revoked may have against the Company by reason of such revocation);

114.2 permit any person elected or appointed to be a Director to continue in any other office or employment held by the person before he was so elected or appointed.

A Director (other than a chief executive, managing Director or joint managing Director) holding any such other office or employment is referred to in these Articles as an "executive Director".

115. A Director appointed to the office of chief executive, managing Director, or joint managing Director shall not, while holding that office, be subject to retirement by rotation

or be taken into account in deciding the number of Directors to retire by rotation on any particular occasion, but shall (subject to the provision of any contract between himself and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and if he ceases from any cause to be a Director he shall cease to be a chief executive, managing Director or joint managing Director (but without prejudice to any rights or claims which he may have against the Company by reason of such cessation).

116. An executive Director shall not be exempt from retirement by rotation, and shall not cease to be a Director if he ceases from any cause to hold the office or employment by virtue of which he is termed an executive Director.

117. The remuneration of any chief executive, managing Director, joint managing Director or executive Director (whether by way of salary, commission, participation in profit or otherwise) shall be decided by the Board and may be either in addition to or in lieu of any remuneration as a Director.

118. The Board may entrust to and confer upon a chief executive, managing Director, joint managing Director or executive Director any of the powers, authorities and discretions vested in or exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and, in the case of a chief executive, managing Director or joint managing Director, either collaterally with or to the exclusion of its own powers, authorities and discretions and may from time to time revoke or vary all or any of them, but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

#### **ASSOCIATE AND OTHER DIRECTORS**

119. The Directors may from time to time, and at any time, pursuant to this Article appoint any other persons to any post with such descriptive title including that of Director (whether as associate, executive, group, divisional, departmental, deputy, assistant, local or advisory director or otherwise) as the Directors may determine and may define, limit, vary and restrict the powers, authorities and discretions of persons so appointed and may fix and determine their remuneration and duties, and subject to any contract between him and the Company may remove from such post any person so appointed. A person so appointed shall not be a Director of the Company for any of the purposes of these Articles or of the Statutes, and accordingly shall not be a member of the Board or (subject to Article 113) of any committee thereof, nor shall he be entitled to be present at any meeting of the Board or of any such committee, except at the request of the Board or of such committee, and if present at such request he shall not be entitled to vote thereat.

#### **DIRECTORS' GRATUITIES AND PENSIONS**

120. The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking of the Company or a predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

## PROCEEDINGS OF THE BOARD

121. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any such meetings shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, call a meeting of the Board and notice of such meeting shall be deemed to be duly given to each Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. It shall not be necessary to give notice of a meeting of the Board to any Director absent from the United Kingdom.

122. The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number shall be two.

123. Any Director may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Statutes, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that fewer than two Directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

124. The Board may appoint from its number, and remove, a chairman and, if it thinks fit, a deputy chairman of its meetings and determine the period for which they respectively are to hold office. If no such chairman or deputy chairman is appointed, or neither is present within five minutes after the time fixed for holding any meeting or, if neither of them is willing to act as chairman, the Directors present may choose one of their number to act as chairman of such meeting.

125. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board (not being less than the number of Directors required to form a quorum of the Board) or by all the members of a committee of the Board for the time being shall be as valid and effective as a resolution passed at a meeting of the Board or committee duly convened and held. The resolution may consist of one document or several documents in like form each signed by one or more Directors.

126. All acts done by any meeting of the Board, or of a committee of the Board, or by any person acting as a Director shall as regards all persons dealing in good faith with the Company, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any Director, or person so acting, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified and had continued to be a Director and had been entitled to vote.

## **DIRECTORS' INTERESTS**

**127.** Subject to the provisions of the Statutes, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:-

**127.1** may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;

**127.2** may be or become a member or director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

**127.3** shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

**127.4** may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director of the Company.

**128.1** Subject to having made the disclosure required by Article 127 and subject as provided in Article 128.2, a Director may vote and be counted in the quorum at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company.

**128.2** Where, on or after the Release Date, a Director is interested in, or has a duty which conflicts or may conflict with the consideration of, a contract or proposed contract for the provision of goods and/or services to the Company, the Director shall not vote on a resolution concerning, or be counted in the quorum at a meeting of the Board or of a committee of the Board to consider, such contract or proposed contract and the Director shall, if requested to do so by the other members of the Board, withdraw from any discussions at any such meeting relating to the contract or proposed contract.

**129.** For the purposes of Articles 127 and 128:-

**129.1** an interest of a person who is, for any purpose of the Act (excluding any such modification thereof not in force when these Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director;

**129.2** a general notice given to the Board that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

**129.3** an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

130. The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

131. A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

132. Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (provided he is not for any reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

133. If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the chairman) shall be final and conclusive.

134. Subject to the Statutes, the Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Director from voting at a meeting of the Board or of a committee of the Board.

#### **SECRETARY**

135. Subject to the Statutes, the secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any secretary appointed by the Board may be removed by it.

136. Any provision of the Statutes or these Articles requiring or authorising a thing to be done by or to a Director and the secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the secretary.

#### **MINUTES**

137. The Board shall cause minutes to be kept:-

137.1 of all appointments of officers made by the Board;

137.2 of the names of the Directors present at each meeting of the Board and of any committee of the Board;

137.3 of all proceedings at meetings of the Company or the holders of any class of shares in the Company and of the Board and committees of the Board.

Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.

#### **THE SEAL**

138. In addition to its powers under section 36A of the Act, the Company may have a seal and the Board shall provide for the safe custody of such seal. The seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board. The Board shall determine who may sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and shall be countersigned by the secretary or by a second Director or by some other person appointed by the Board for the purpose.

139. All forms of certificates for shares or debentures or representing any other form of security (other than letters of allotment or scrip certificates) shall be issued and executed by the Company but the Board may by resolution determine either generally or in any particular case that any signatures may be affixed to such certificates by some mechanical or other means or may be printed on them or that such certificates need not bear any signature.

140. The Company may have:-

140.1 an official seal kept by virtue of section 40 of the Act; and

140.2 an official seal for use abroad under the provisions of the Act, where and as the Board shall determine,

and the Company may by an instrument executed by the Company appoint any agent or committee abroad to be the duly authorised agent or committee of the Company for the purpose of affixing and using such official seal and may impose such restrictions on the use thereof as it may think fit.

#### **ACCOUNTING RECORDS, BOOKS AND REGISTERS**

141. The Directors shall cause accounting records to be kept and such other books and registers as are necessary to comply with the provisions of the Statutes.

142. The accounting records shall be kept at the office or (subject to the provisions of the Statutes) at such other place in Great Britain as the Board thinks fit, and shall always be open to inspection by the Directors. No member of the Company (other than a Director) shall have any right of inspecting any accounting record or book or document except as conferred by law or authorised by the Board or by the Company in general meeting.

143. The Board shall in accordance with the Statutes cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Statutes.

144. A printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting and of the Directors' and auditors' reports shall, at least twenty-one clear days prior to the meeting,



be delivered or sent by post to every member and to every debenture holder of the Company of whose address the Company is aware.

#### **AUDIT**

145. Auditors of the Company shall be appointed and their duties regulated in accordance with the Statutes.

146. The auditors' report to the members made pursuant to the statutory provisions as to audit shall be laid before the Company in general meeting and shall be open to inspection by any member; and in accordance with the Statutes every member shall be entitled to be furnished with a copy of the balance sheet (including every document required by law to be annexed thereto) and auditors' report.

#### **AUTHENTICATION OF DOCUMENTS**

147. Any Director or the secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the office the officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.

148. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or of the Board or of any committee of the Board which is certified as such in accordance with Article 147 shall be conclusive evidence in favour of all persons dealing with the Company on the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of proceedings at a duly constituted meeting.

#### **RECORD DATES**

149. Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares, the Board may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within six months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

#### **DIVIDENDS**

150. Except as otherwise provided by these Articles or the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid; but no amount paid on a share in advance of the date upon which a call is payable shall be treated for the purposes of this Article or Article 151 as paid on the share.

151. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular

date, such share shall rank for or be entitled to dividends accordingly.

152. The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.

153. Subject to Article 149, all dividends and interest shall be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively.

154. The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.

155. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise expressly provided by the rights attached to the share. All dividends, interest and other sums payable which are unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until such time as they are claimed. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee of the same. All dividends unclaimed for a period of twelve years after having become due for payment shall be forfeited and shall revert to the Company.

156. Any dividend or other moneys payable in respect of a share may be paid by cheque, money order or warrant sent through the post to the address in the register of the member or person entitled thereto, or to such person and to such other address as the holder may in writing direct. Every such cheque, money order or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the risk of the member or other person entitled thereto, and payment of the cheque money order or warrant shall be a good discharge to the Company. Where an authority in that behalf shall have been received by the Company in such form as the Company shall consider sufficient the Company may pay the amount distributable to such member or person to his bankers or other agents and payment in accordance with such authority shall constitute a good discharge therefor.

## RESERVES

157. Subject as provided in Article 12.3, the Board may, before recommending any dividend (whether preferential or otherwise), set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

## NOTICES

158. Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice convening a meeting of the Board or of a committee of the Board need not be in writing.

159. Any notice or document may be served by the Company on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his address as appearing in the register. Any notice to be given to a member may be given by reference to the register as it stands at any time within the period of fifteen days before the notice is given and no change in the register after that time shall invalidate the giving of the notice.

160. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. If a notice is served by post it shall be deemed to be given at the expiration of twenty-four hours after the envelope containing it was posted.

161. Any member whose address in the register is not within the United Kingdom, who gives to the Company an address within the United Kingdom at which notices may be served upon him, shall be entitled to have notices served upon him at such address; but, otherwise, no member other than a member whose address in the register is within the United Kingdom shall be entitled to receive any notice from the Company.

162. Every person who becomes entitled to a share:-

162.1 except as mentioned in Article 162.2 below, shall be bound by any notice in respect of that share which, before his name is entered in the register, has been duly given to a person from whom he derives his title; but

162.2 shall not be bound by any such notice given by the Company under Article 82.

163. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one leading daily newspaper with appropriate circulation and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven clear days prior to the meeting the posting of notices to addresses throughout the United Kingdom becomes practicable.

164. Any member present, either personally or by proxy or (in the case of a corporate member) by representative, at any general meeting of the Company or of the holders of any class of shares in the Company shall for all purposes be deemed to have received due notice of such meeting, and, where requisite, of the purposes for which such meeting was called.

## DESTRUCTION OF DOCUMENTS

165. The Company shall be entitled to destroy:-

165.1 at any time after the expiration of six years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares of the Company which shall have been registered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment in respect of which an entry in the register shall have been made;

165.2 at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares of the Company (being certificates for shares in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends (being mandates or directions which have been cancelled); and

165.3 at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address.

It shall conclusively be presumed in favour of the Company that every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned was in accordance with the recorded particulars thereof in the books or records of the Company Provided always that:-

(i) the foregoing provisions shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article;

(iii) references herein to the destruction of any document include references to its disposal in any manner;

(iv) any document referred to in Articles 165.1, 165.2 and 165.3 above may be destroyed at a date earlier than that authorised by this Article provided that a permanent copy in a visible and non-transitory form of such document shall have been made which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Board shall take adequate precautions for guarding against falsification and shall provide adequate means for its reproduction.

## **WINDING UP**

166. The power of sale of a liquidator of the Company shall include a power to sell wholly or partially for shares or debentures, or other obligations of another company, either then already constituted, or about to be constituted, for the purpose of carrying out the sale.

167. On any voluntary winding up of the Company, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the

Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

#### **INDEMNITY**

168. 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 (including any such liability as is mentioned in section 310 of the Act), which he may sustain or incur in the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto; provided that this Article shall only have effect insofar as its provisions are not avoided by the said section.

#### **INSURANCE**

169. Subject to the provisions of the Act, the Board shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or of any company or body which is its holding company or in which the Company or such holding company has an interest whether direct or indirect or which is in any way allied to or associated with the Company or who were at any time trustees of any pension fund in which any employees of the Company or of any other such company or body are interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company and/or any such other company, body or pension fund. For the purposes of this Article "holding company" shall have the same meaning as in the Companies Act 1989.

#### **JURISDICTION**

170. The courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with these Articles between the Company and its members or any of them and for the benefit of the Company each member submits to the jurisdiction of those courts accordingly.