

No: 04306133

The Companies Acts 1985 and 1989
COMPANY HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

XCHANGING CLAIMS SERVICES LIMITED

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COMPANIES HOUSE

(Adopted by way of written resolution passed on 24 October 2001)
(Amended by way of written resolution passed on 30 December 2021)

1. PRELIMINARY

- 1.1 The regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (S.I. 1985 No. 805) as amended by the Companies (Tables A to F) Amendment Regulations 1985 (S.I. 1985 No. 1052) ("Table A") shall apply to the Company save in so far as they are varied or excluded by or are inconsistent with these Articles, and such Regulations (save as excluded or varied or inconsistent with these Articles) and these Articles shall be the regulations of the Company.
- 1.2 Regulations 2, 26, 29 to 31 (inclusive), 33, 40, 41, 44, 50, 64, 65, 67, 72 to 81 (inclusive), 84, 89, 91, 94 to 98 (inclusive), 101, 103, 113 and 118 of Table A shall not apply to the Company.
- 1.3 Regulations 8 to 22 (inclusive) of Table A shall not apply to the Company until after 31 December 2006 after which date any disposal of shares made pursuant to the provisions of the said Regulations shall be deemed to be a transfer to which all the provisions of Articles 8.3 to 8.12 (inclusive) shall apply.

2. INTERPRETATION

- 2.1 Unless the context otherwise requires, references in these Articles to statutory provisions shall be construed as referring to those provisions as amended or re-enacted and from time to time in force.
- 2.2 The last sentence of Regulation 1 of Table A is amended by deleting the words "but excluding any statutory modification thereof not in force when these regulations become binding on the Company".
- 2.3 "Regulation" means the appropriate regulation in Table A and "Article" means the appropriate clause of these Articles.
- 2.4 "Companies Act" means the Companies Act 1985, as amended from time to time.

- 2.5 Words and expressions used in these Articles which are defined in the Companies Act 1985 shall have the meanings ascribed to them in that Act.
- 2.6 "Associated company" as used in these Articles is to be construed in accordance with section 416 of the Income and Corporation Taxes Act 1988.
- 2.7 "Shareholders' Committee" shall mean a committee comprising one person appointed in writing by a majority of the holders from time to time of the A shares and one person appointed in writing by a majority of the holders from time to time of the B shares.

3. SHARE CAPITAL

- 3.1 The authorised share capital of the Company at the date of adoption of these Articles is £4001 divided into 1000 A shares of £1 each, 1000 B shares of £1 each and 2001 C shares of £1 each.
- 3.2 The A shares, the B shares and the C shares shall be separate classes of shares but save as provided in these Articles shall carry the same rights and privileges and shall rank *pari passu* in all respects.
- 3.3 Unless all the members otherwise agree in writing, any new shares issued to a holder of A shares shall be A shares and any new shares issued to a holder of B shares shall be B shares.

4. SHARE RIGHTS

The A shares and the B shares and the C shares shall have the following rights and be subject to the following restrictions:

As regards dividends:

- 4.1 The holders of the C shares shall be entitled, subject to the provisions of the Companies Act and these Articles, in priority to the payment of any dividend to the holders of the A shares or the B shares, to receive out of the profit of the Company available for distribution, by way of dividend, a fixed cumulative preferential dividend of 5 per cent. per annum (the "Fixed Dividend"). Each Fixed Dividend shall be calculated on the nominal capital (exclusive of any premium) for the time being paid up or credited as paid up on the C shares. Each Fixed Dividend shall accrue on a daily basis and shall be paid on the Accounts Audit Date in respect of each Financial Year.
- 4.2 The holders of the C shares shall in addition be entitled in priority to the payment of any dividend to the holders of the A shares or the B shares and in addition to the Fixed Dividend, to receive out of the profit of the Company available for distribution, by way of dividend, a variable participating dividend in respect of each Financial Year (a "Participating Dividend") calculated as follows:

$$= PD = \left(\frac{1}{100} \times \frac{C}{2001} \times P1 \right) + \left(\frac{1}{1,000} \times \frac{C}{2001} \times P2 \right) + \left(\frac{1}{10,000} \times \frac{C}{2001} \times P3 \right)$$

where:

- PD = The Participating Dividend
- C = The number of C Shares in issue
- P1 = Trading Profits in respect of the Financial Year up to a maximum of £5,000
- P2 = the amount, if any, by which the Trading Profits for the Financial Year exceeds £5,000 but is less than or equal to £50,000
- P3 = the amount, if any, by which the Trading Profits for the Financial Year exceeds £50,000.

The Participating Dividend shall be distributed *pro rata* to the holders of the C shares in accordance with the amount paid up or credited as paid up on the C shares. Each Participating Dividend shall be paid yearly in arrears on the Accounts Audit Date in respect of each Financial Year.

- 4.3 The holders of the C shares shall be entitled to receive interest at 5 per cent. per annum on the amount of any Fixed Dividend or Participating Dividend (the "Interest") if such dividend is not paid by the Company within seven (7) business days of the relevant Accounts Audit Date. The Interest shall be paid to the holders of the C shares at the same time as the relevant Fixed Dividend or Participating Dividend and shall be a right of the holders of the C shares as a class. The Interest shall accrue on a daily basis and shall be calculated on the basis of a 365 day year and the number of the clear days elapsed in the period from the relevant Accounts Audit Date up to, but not including, the date of payment of such Fixed Dividend or Participating Dividend and relative Interest.
- 4.4 On each Tax Payment Date there shall accrue to the holders of the A shares (in proportion to the A shares held by them) a right to a dividend of an amount equal to 60 per cent. of the sum of the United Kingdom corporation tax which would have become due and payable by both LCO Marine and LCO Non-Marine in respect of the Financial Year to which the Tax Payment Date relates but for the utilization by LCO Marine and LCO Non-Marine (or by either of them) of the whole or any part of its respective Carried Forward Trading Losses by way of set-off (for the purposes of United Kingdom corporation tax) against any trading income of LCO Marine and/or LCO Non-Marine respectively arising in such Financial Year, and to the extent each of LCO Marine or LCO Non-Marine respectively is entitled to claim and in fact claims relief under section 393(1) ICTA in respect of any amounts other than the Carried Forward Trading Losses, the relevant company shall be deemed, for the purposes of this Article 4.1 to have utilised such other relief before its utilisation of its respective Carried Forward Trading Losses.
- 4.5 On the Accounts Audit Date in respect of the First Financial Year, there shall accrue to the holders of the A shares (in proportion to the A shares held by them), and provided

always that the Capital Reduction shall have been sanctioned by the Court prior to the end of the First Financial Year, a right to a dividend in the sum of £1,500,000 less any reasonable legal and financial expenses incurred by LCO Marine in the Capital Reduction less an amount equal to any amount which continues to be the subject of an undertaking given to the Court by LCO Marine in favour of creditors of LCO Marine in respect of the Capital Reduction, subject to a maximum dividend accrual right of £1,500,000. On each subsequent Accounts Audit Date, there shall accrue to the holders of the 'A' shares (in proportion to the 'A' shares held by them), and provided always that the Capital Reduction shall have been sanctioned by the Court prior to the end of the first Financial Year, a right to a dividend equal to any amount of the undertaking given to the Court by LCO Marine in favour of creditors of LCO Marine in respect of the Capital Reduction which has during the course of the relevant Financial Year, with the consent of the Court, been released, provided that the aggregate of all dividend rights which may accrue pursuant to this Article 4.5 shall not exceed £1,500,000.

- 4.6 On each Accounts Audit Date, there shall accrue to the holders of the A shares and the B shares (in the case of dividends accruing to any class of shares, to the holders of such class of shares in proportion to the numbers of shares of that class held by them respectively) a right to a dividend as follows:

4.6.1 in respect of the First Financial Year and the Second Financial Year:

- (a) in the case of the A shares an amount equal to NCT per cent. $\times \frac{1}{2}A$;
- (b) in the case of the B shares an amount equal to NCT per cent. $\times (\frac{1}{2}A R)$ (provided this is a positive figure).

4.6.2 in respect of each of the Third Financial Year, the Fourth Financial Year and the Fifth Financial Year:

- (a) in the case of the A shares an amount equal to NCT per cent. $\times \frac{1}{2}A$;
- (b) in the case of the B shares an amount equal to NCT per cent. $\times \frac{1}{2}A$.

- 4.7 For the purposes of this Article 4:

"A" means the Accrued Adjusted Profits for the relevant Financial Year

"Accounts" in respect of any Financial Year means the consolidated audited accounts of the XCS Group

"Accounts Audit Date" in respect of any Financial Year means the date on which the Company's auditors sign an audit certificate in respect of the Accounts for such Financial Year

"Accrued Adjusted Profits"

in respect of any Financial Year means the Trading Profits for that Financial Year adjusted as follows:

- (a) after taking account of the Management Charge payable to Xchanging or any sums payable by Xchanging pursuant to clause 5.1 of the Operating Agreement in respect of such Financial Year (except to the extent already taken into account in computing the Trading Profits); and
- (b) after subtracting C.

"C"

means in respect of any Financial Year the aggregate amount of dividends accrued but unpaid as at the Accounts Audit Date (together with any relative interest thereon) on the C shares pursuant to Articles 4.1 to 4.3

"Capital Reduction"

means a reduction after the date of adoption of these Articles of the share capital (including share premium account) of LCO Marine existing at the date of adoption of these Articles pursuant to and in accordance with Part V, Chapter IV of the Companies Act 1985

"Carried Forward Trading Losses"

means the amount of trading losses of Lloyd's in respect of which each of LCO Marine and LCO Non-Marine respectively are entitled to claim relief under section 393(1) ICTA by virtue of the application of section 343(3) ICTA

"Commencement Date"

means the date on which the Company acquires the entire issued share capitals of each of LCO Marine and LCO Non-Marine;

"Financial Year"

means the period from the Commencement Date to 31 December 2002 and any subsequent calendar year

"Fifth Financial Year"

means the Financial Year ending 31 December 2006

"First Financial Year"

means the Financial Year ending 31 December 2002

"Fixed Dividend"

has the meaning given in article 4.1.

"Fourth Financial Year"	means the Financial Year ending 31 December 2005
"ICTA"	means the Income and Corporation Taxes Act 1988
"LCO Marine"	means LCO Marine Limited, a company incorporated in England and Wales under number 04016985
"LCO Non-Marine"	means LCO Non-Marine and Aviation Limited, a company incorporated in England and Wales under number 04011200
"Licence Fee"	means the licence fee payable to Xchanging under the Software Licence
"Lloyd's"	means The Society incorporated by Lloyd's Act 1871 by the name of Lloyd's
"Lloyd's Group"	means Lloyd's and any subsidiary undertaking of Lloyd's from time to time and any holding company of Lloyd's from time to time and any subsidiary undertaking of such holding company from time to time
"Management Charge"	means the management charge (if any) payable to Xchanging under the Operating Agreement
"NCT per cent."	means one hundred per cent. minus the standard rate of corporation tax applicable as at the end of the relevant Financial Year
"Operating Agreement"	means the operating agreement to be entered into on the date of adoption of these Articles between the Company and Xchanging
"Participating Dividend"	has the meaning given in article 4.2
"R"	means any Licence Fee to which Xchanging is entitled in respect of the relevant Financial Year, excluding any amount payable pursuant to clause 2.3 or 2.4 of the Software Licence
"Second Financial Year"	means the Financial Year ending 31 December 2003
"Software Licence"	means the licence of certain software rights to be entered into on the date of adoption of these

Articles between the Company and Xchanging

"Tax Payment Date"

means in respect of any Financial Year, the day following nine months after the end of the Financial Year

"Third Financial Year"

means the Financial Year ending 31 December 2004

"Third Party Claims"

means any claims (including, but not limited to, a claim in tort or for breach of contract) from any person (including, but not limited to, employees and customers of any member of the XCS Group) excluding claims for trade debts

"Trading Profits"

means, in respect of any Financial Year, the consolidated pre-corporation tax trading profits or losses (ignoring (a) exceptional and extraordinary items and (b) in respect of the first financial year and the second financial year only R, in each case as certified by the auditors of the Company) of the XCS Group as certified by the auditors of the Company

"Unsatisfied and Substantiated Lloyd's Claims"

means in respect of any Financial Year, the aggregate of all claims which any member of the XCS Group makes (or could have made but for the application of any limitations to liability) in such Financial Year against any member of the Lloyd's Group under any agreement (except to the extent discharged) to the extent that a member of the English bar of not less than 8 years' standing and practising in Chancery has provided written confirmation to XCS that such claims have (or would have had) a reasonable prospect of success

"Unsatisfied and Substantiated Xchanging Claims"

means in respect of any Financial Year, the aggregate of all claims which any member of the XCS Group makes (or could have made but for the application of any limitations to liability) in such Financial Year against any member of the Xchanging Group under any agreement (except to the extent discharged) to the extent that a member of the English bar of not less than 8 years' standing and practising in Chancery has provided written confirmation to XCS that such

claims have a reasonable prospect of success

"XCS Group"

means the Company and its subsidiary undertakings (as defined in the Companies Act)

"Xchanging"

means Xchanging Limited, a company incorporated in England and Wales under number 3616858

"Xchanging Group"

means Xchanging and any subsidiary undertaking of Xchanging from time to time and any holding company of Xchanging from time to time and any subsidiary undertaking of such holding company from time to time other than any member of the XCS Group.

- 4.8 The holders of the A shares and the B shares shall participate in the proportions 50:50 respectively in any profits available for distribution after satisfaction of all dividend rights accrued pursuant to Articles 4.1 to 4.6.
- 4.9 Notwithstanding the remaining provisions of this Article 4 the Company shall be entitled to retain from any amount payable by way of dividends to a member of the Xchanging Group an amount equal to the amount of any Unsatisfied and Substantiated Xchanging Claims and from any amount payable to a member of the Lloyd's Group an amount equal to the Unsatisfied and Substantiated Lloyd's Claims except in each case to the extent that such claim cannot actually be made against the relevant member of the Xchanging Group or the Lloyd's Group (as the case may be) because of the existence of any applicable limitations on liability and provided that all sums so retained shall be deposited by the Company in a separate bank account in the joint names of (and operable under a mandate consisting of a representative of each of) the Company and the party to which the dividend would otherwise have been payable pending settlement of or final judgment (in respect of which there is no further right of appeal) in respect of the relevant claim whereupon the principal and interest standing to the credit of the relevant account shall forthwith be applied in or towards payment to the Company of any sum agreed or adjudged to be due to the Company and any balance of such principal and interest shall forthwith be paid to the holder entitled to the dividends from which the principal was originally retained.
- 4.10 All entitlements to dividends under this Article 4 shall be discharged in the order in which they accrue and in respect of dividend rights arising under Article 4.8 they shall be deemed to accrue on the dates on which they are declared to be payable and in respect of dividend rights that accrue at the same time any amount of dividend paid in respect of them shall be paid pro-rata to the amounts of the respective dividend rights which have accrued at that time.

As regards capital:

4.11 On a return of capital on a liquidation or otherwise (except on a redemption of shares of any class or the purchase by the Company of its own shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied:

4.11.1 first, in paying to the holders of the C shares all unpaid arrears and accruals of any Fixed Dividend or Participating Dividend, such accruals and arrears to be calculated down to and including the date of payment (where applicable) and, in respect of the Fixed Dividend, to be payable irrespective of what profits (and whether any profits) have been made or earned by the Company and irrespective of whether or not such unpaid arrears and accruals have become due and payable in accordance with the provisions of the remainder of this clause 4;

4.11.2 secondly, in paying to the holders of the A shares and the B shares a sum equal to any arrears, deficiency or accruals of any dividends (whether declared or resolved to be paid or not) to which the holders of the A shares and the B shares have become entitled pursuant to Articles 4.4, 4.5 or 4.6;

4.11.3 thirdly, in repaying to the holders of the A shares, the B shares and the C shares the amounts actually paid in respect of such shares whether in cash or otherwise thereon pro rata to the amounts actually paid;

4.11.4 fourthly, in paying an amount equal to fifty per cent. of any balance to the holders of the A shares in proportion to the numbers of A shares held by them respectively and an amount equal to fifty per cent. of any balance to the holders of the B shares in proportion to the numbers of B shares held by them respectively;

4.11.5 fifthly, in paying 0.2 per cent of any surplus assets available for distribution to the holders of the C shares, subject to a cap of £1,000, and in paying an amount equal to 49.9 per cent, of such surplus (up to an aggregate of £249,500) and 50 per cent, of any excess surplus thereafter to the holders of the A shares in proportion to the numbers of A shares held by them respectively and in paying an amount equal to 49.9 per cent. of such surplus (up to an aggregate of £249,500 and 50 per cent. of any excess surplus thereafter to the holders of the B shares in proportion to the numbers of B shares held by them respectively.

4.12 As regards voting:

4.12.1 Each holder of A shares who is present in person, by representative or by proxy shall be entitled to exercise one vote for each A share of which he is the holder.

4.12.2 Each holder of B shares who is present in person, by representative or by proxy shall be entitled to exercise one vote for each B share of which he is the holder.

4.12.3 Each holder of C shares shall be entitled to attend any meetings whether in person or by proxy but shall not be entitled to vote at any such meeting, subject to the following exceptions:

- (a) if it is proposed at the meeting to consider any resolution approving the winding up of the Company the holders of the C shares shall be entitled to attend such meeting and to speak and vote only on such resolution or any motion for adjournment of the meeting before such resolution is voted on; and
- (b) if it is proposed at the meeting to consider any resolution which abrogates or varies or otherwise directly affects the special rights and privileges attaching to the C shares, the holders of the C shares shall have the right to attend such meeting and to speak and vote only on such resolution or any motion for adjournment of the meeting before such resolution is voted on.

upon any resolution on which the holders of the C shares are entitled to vote, on a show of hands each such holder who being an individual is present in person or being a corporation is present by a representative or proxy not being himself a member shall have one vote and, on a poll, each such holder present in person or by proxy shall (in his capacity as such) have one vote for every £1 in nominal amount of C shares of which he is a holder.

5. ISSUE OF NEW SHARES

5.1 No share may be issued at a discount.

5.2 Save with the prior written consent of both members of the Shareholders' Committee:

5.2.1 no shares may be allotted or issued to any person; and

5.2.2 the Company shall not exercise any of the powers referred to in Regulations 3, 32, 34, 35 and 110.

5.3 Subject as aforesaid, for the purposes of section 80 of the Act, the directors shall have general and unconditional authority (limited in time as provided below) to allot any relevant securities up to the maximum amount laid down below. The maximum amount of relevant securities that may be allotted under this authority shall be £4,001. This authority shall expire five years after the date of the adoption of this Article unless renewed varied or revoked by ordinary resolution or renewed or varied subject to section 80A of the Act by elective resolution pursuant to section 379A of the Act.

5.4 For the purposes of section 80(7) of the Act the Company may prior to the expiry of the authority conferred by Article 5.3 or any variation or renewal of such authority make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the authority so conferred shall be construed accordingly

and the directors may allot relevant securities notwithstanding that the authority so conferred has expired.

- 5.5 Save as otherwise provided in these Articles all unissued shares which the directors are authorised (by these Articles or otherwise) to allot shall be under the control of the directors who may allot, grant options over, offer or otherwise deal with or dispose of them to such persons, at such times and generally on such terms and conditions and in such manner as they may determine and in accordance with section 91 of the Act the provisions of sections 89(1) and 90(1) to 90(6) of the Act are excluded.
- 5.6 In this Article, "relevant securities" has the meaning given in section 80(2) of the Act and references to the allotment of relevant securities are construed in the same manner as in that section.

6. VARIATION OF RIGHTS

- 6.1 Notwithstanding the rights of the holders of the C shares under clause 4.11, the special rights attached to the A shares, the B shares or the C shares may in any case, whether or not the Company is or is about to be wound up, only be varied or abrogated:
- 6.1.1 with the prior written consent of the holders of more than one-half of the A shares for the time being in issue and of the holders of more than one-half of the B shares for the time being in issue and of the holders of more than one-half of the C shares for the time being in issue; or
 - 6.1.2 with the sanction of extraordinary resolutions passed at separate general meetings of the holders of the A shares, B shares and C shares respectively each voting separately as a class.
- 6.2 To every such separate meeting the provisions of these Articles with respect to notice of and proceedings at general meeting shall mutatis mutandis apply, but so that the requisite quorum shall be one person holding or representing one-quarter of the issued shares of the class and that any holder of shares of the appropriate class present or represented may demand a poll.
- 6.3 Each of the following shall be deemed to be a variation of the rights attached to the C shares and, notwithstanding any other provisions of these Articles, shall be prohibited except with the consent or sanction of the holders of the C shares given in accordance with article 6.2:
- 6.3.1 the alteration of article 6.1 (regarding variation of rights);
 - 6.3.2 the redemption of any shares other than the C shares, unless such redemption is effected for the purpose of a conversion of the shares concerned and does not reduce the distributable profits of the Company; and
 - 6.3.3 the reduction by the Company (except as authorised by section 146(2) or by section 159 of the Companies Act 1985) of its share capital or any uncalled liability in respect thereof or (except as authorised by sections 130(2), 160(20

or 170(4) of the Companies Act 1985) of any share premium account or capital redemption reserve if the reduction involves either the diminution of liability in respect of unpaid share capital or the repayment to any shareholder of any paid up share capital.

7. SHARE CERTIFICATES

Regulation 6 of Table A is amended by adding after the words "Every certificate shall be sealed with the seal" the words "or executed in such other manner as the directors authorise, having regard to the Act".

8. TRANSFERS OF SHARES

- 8.1 In Regulation 24 of Table A the words "refuse to register the transfer of a share which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a share on which the Company has a lien. They may also" are omitted.
- 8.2 No holder of any shares shall transfer any interest in any shares before 31 December 2006 without the unanimous agreement of both members of the Shareholders' Committee or, where such transfer has been unanimously agreed by both members of the Shareholders' Committee, in accordance with the provisions of this Article 9 and any condition imposed by the Shareholders' Committee.
- 8.3 Save as provided by this Article 8 and Article 10, no share and no interest in any share shall be transferred to any person so long as any member is willing to purchase the same pursuant to the following provisions of this Article 8 and any transfer not made pursuant to such provisions or pursuant to Article 10 shall be void and of no effect and the directors shall decline to sanction the registration of it.
- 8.4 Subject to Article 8.5 below, any person proposing to transfer all or any of the shares registered in his name (in this article called the "Proposing Transferor") shall give notice in writing (in this article called a "Transfer Notice") to the Company that he wishes to transfer and the price per share at which he is determined to sell the shares and the identity (if any) of the proposed transferee (the "Proposed Transferee"). A Transfer Notice once given shall be revocable only in accordance with Article 8.11 and shall constitute the Company the agent of the Proposing Transferor for the sale of the shares specified therein (the "Sale Shares") in one or more lots, at the discretion of the directors, at the Offer Price.
- 8.5 Any holder of "A" shares proposing to transfer "A" shares to a person who is not a member of the Lloyd's Group may only transfer such A shares if that person at the same time also transfers such number of the C shares held by such person as represents an equivalent proportion (to the nearest whole share, rounded down) of the C shares (if any) held by that person as the proportion of the number of A shares proposed to be transferred represents to the number of A shares held by such person and shall include in the notice referred to in article 8.4 above the number of "C" shares he is proposing to transfer.

- 8.6 On receipt by the Company of a Transfer Notice it will, within seven days, offer the Sale Shares ("First Offer") in the following manner:
- 8.6.1 where the Sale Shares are A (if required pursuant to article 8.5) and C shares, in their entirety to the holders of the B shares (in proportion (as nearly as may be) to the number of B shares held by them respectively);
 - 8.6.2 where the Sale Shares are B shares, in their entirety to the holders of the A shares (in proportion (as nearly as may be) to the number of A shares held by them respectively);
 - 8.6.3 where the Sale Shares are C Shares, in their entirety to the holders of the B Shares (as per 8.6.1).
- 8.7 Every such First Offer or Second Offer (as defined in Article 8.9) shall be made in writing specifying the Offer Price and the number of shares offered (in this article called the "Proportionate Entitlement") and shall be accompanied by forms of application for use by the member in applying for his Proportionate Entitlement and for any shares in excess of such entitlement which he is prepared to purchase (in this article called "Excess Shares"). For the purposes of this Article 8, the Offer Price shall be the price agreed by all the members and in the absence of agreement the price determined as the fair value of the Sale Shares by the auditors of the Company who shall (acting as experts not as arbitrators) certify in writing their determination of the fair value as between a willing seller and a willing buyer, and shall make their determination without taking account of whether the Sale Shares comprise a majority or a minority interest in the Company. Every such First Offer or Second Offer shall be open for applications in respect of the whole or any part thereof for 21 days from the date of its despatch (which shall be specified in the notice). The First Offer made to any member shall, to the extent that an application is not received from such member in respect of the whole or any part thereof within 21 days of the said date, be deemed to have lapsed.
- 8.8 At the expiration of the 21 day period under Article 8.7, the directors shall provisionally allocate the Sale Shares in the following manner:-
- 8.8.1 to each member who has made an application under his First Offer in respect of the whole or any part thereof ("Purchasing Member") there shall be provisionally allocated his Proportionate Entitlement or such lesser number of shares for which he may have applied;
 - 8.8.2 if the number of any shares which remain unallocated is less than the total number of Sale Shares applied for in excess of Proportionate Entitlements ("Excess Shares"), the unallocated shares shall be provisionally allocated (as nearly as may be) in the proportions which the applications for Excess Shares bear to one another;

- 8.8.3 if the number of any shares which remain unallocated equals or is greater than the number of Excess Shares applied for, each member who has applied for Excess Shares shall be provisionally allocated the number of Excess Shares for which he applied.
- 8.9 If pursuant to Article 8.8 any number of the Sale Shares remain unallocated, the Company shall make a second offer of the Sale Shares ("Second Offer") within fourteen (14) days of the expiry of the First Offer, in the following manner:
- 8.9.1 where the Sale Shares are A shares or C shares any unallocated Sale Shares from the first Offer shall be offered to the holders of the B Shares at the Offer Price in proportion (as nearly as may be) to the number of B Shares held by them respectively;
- 8.9.2 where the Sale Shares are B shares, any unallocated Sale Shares from the First Offer shall be offered to the holders of A shares at the Offer Price in proportion (as nearly as may be) to the number of A shares held by them respectively.
- 8.10 Within seven days of the expiry of the 21 day period during which the Second Offer (if any) or if there is no Second Offer, the First Offer is open for applications, the Company will notify the Proposing Transferor and all Purchasing Members of the details of the applications which have been made and of the provisional allocations made as between Purchasing Members under Articles 8.8 and 8.9.
- 8.11 If the Company shall not find buyers for all the Sale Shares within the time specified in Article 8.10 the Transfer Notice shall be deemed to be revoked, all provisional allocations of Sale Shares shall be deemed to be revoked and the provisions of Article 8.13 shall apply.
- 8.12 If the Company shall find buyers for all the Sale Shares within the time specified in Article 8.10, the Proposing Transferor shall be bound, upon payment of the Offer Price (which payment shall be made within 14 days of receipt of the notification referred to in Article 8.10), to transfer the shares which have been provisionally allocated to the Purchasing Members pursuant to Articles 8.8 and 8.9 to such Purchasing Members. If, after becoming so bound, the Proposing Transferor makes default in transferring the shares, the Company may receive the purchase money and the Proposing Transferor shall be deemed to have appointed any one director or the Secretary of the Company as his duly appointed agent with full power to execute complete and deliver on behalf of the Proposing Transferor a transfer of the relevant shares to the Purchasing Members and, upon execution of such transfer, the Company shall hold the purchase money in trust for the Proposing Transferor. The receipt of the Company for the purchase money shall be a good discharge to each Purchasing Member and, after his name has been entered in the Register of Members of the Company, the validity of the proceedings shall not be questioned by any person. The purchase money shall be paid to the Proposing Transferor upon delivery up to the Company of his certificate or certificates for the relevant shares.

8.13 . If the Company shall not find buyers for all the Sale Shares within the time specified in Article 8.10 so that the Transfer Notice is deemed revoked under Article 8.11, the Proposing Transferor may within three months of the date on which he received notification of the details of the applications by Purchasing Members under Article 8.9 transfer all (but not some) of the shares comprised in the relevant Transfer Notice to the Proposed Transferee on a bona fide sale at a price per share not less than the Offer Price (after deduction, where appropriate, of any net dividend or other distributions to be retained by the Proposing Transferor) provided that:

8.13.1 in the case of a transfer to a Proposed Transferee who is a person considered by the board of directors of the Company to be a competitor or connected with a competitor of the business of the Company and its subsidiaries a transfer may not be registered unless it shall first have been approved unanimously by the Shareholder's Committee;

8.13.2 the directors may require to be satisfied in such manner as they may reasonably require that the Sale Shares are being sold in pursuance of a bona fide sale at a price per share not less than the Offer Price without any deduction, rebate or allowance whatsoever to the buyer and if not so satisfied may refuse to register the instrument of transfer;

8.13.3 if requested by any of the other holders of shares ("Requesting Shareholder(s)"), the Proposed Transferee shall within 21 days of such request make a binding written offer to such Requesting Shareholder(s) to purchase such proportion of the shares in the Company held by such Requesting Shareholder(s) as bears the same ratio to the total number of shares in the Company held by such Requesting Shareholder(s) as the number of Sale Shares bears to the total number of shares held by the Proposing Transferor immediately prior to service of the relevant Transfer Notice (at the same price per share and on terms that are not worse than those in the Transfer Notice), and payment of the purchase consideration for the shares held by the Requesting Shareholder(s) is guaranteed by a reputable bank if this is requested by the Requesting Shareholder(s).

9. Subject to the provisions of Articles 8 and 10 no transfer of any share in the capital of the company shall be made or registered without the previous sanction of the directors who may without assigning any reason decline to give any such sanction.
10. The restrictions on transfer contained in and Articles 8 and 9 shall not apply to any instrument of transfer deposited at the registered office of the company together with the consent in writing of all holders of A shares, B shares and C shares to such transfer being registered.
11. Regulation 25 of Table A is amended by the substituting the words "one week" for the words "two months".

12. TRANSMISSION OF SHARES

12.1 In this Article 12 a "Relevant Event" means:

12.1.1 in relation to a member being an individual:

- (a) such member being adjudicated bankrupt; or
- (b) such member dying; or
- (c) an order being made in respect of such member by a court claiming jurisdiction for that purpose on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian of receiver or other person (called by whatever name) to exercise his powers with respect to his property;

12.1.2 a member making any voluntary arrangement or composition with his or its creditors;

12.1.3 a member transferring or purporting to transfer any interest in any shares in the Company separately from the legal title to such shares,

12.1.4 in relation to a member being a body corporate:

- (a) a receiver, manager, administrative receiver or administrator being appointed of such member or over all or any part of its undertaking or assets;
- (b) a resolution being passed or order being made for the winding-up of such member; or
- (c) such member ceasing (other than on the admission of the shares of such member or of the holding company of such member to a recognised investment exchange) to be controlled (as defined by section 840 of the Income and Corporation Taxes Act 198) by the persons who controlled such member on the date on which it became a member of the Company.

12.2 Immediately prior to the happening of a Relevant Event the member in question shall be deemed to have given a Transfer Notice in respect of all the shares that are registered in his or its name at that time and all the provisions of Article 8 shall apply to such deemed Transfer Notice as they apply to an actual Transfer Notice given pursuant to Article 8.

12.3 If the Relevant Event is the death or bankruptcy of a member and either:

12.3.1 the Company has not made a First Offer within the period laid down in Article 8.6; or

12.3.2 the Company has not within 7 days after the last day on which the First Offer is open or, if there is a Second Offer, within 7 days after the last day on which of the Second Offer is open notified the Proposing Transferor that provisional

allocations have been made in respect of all the Sale Shares, the personal representatives or trustee in bankruptcy of the member in question may elect at any time before the shares are sold by them to be registered themselves as the holders of any shares in respect of which a Purchase Notice is not given.

13. NOTICE OF GENERAL MEETINGS

Regulation 38 is amended by deleting the words in the first sentence "or a resolution appointing a person as a director".

14. PROCEEDINGS AT GENERAL MEETINGS

- 14.1 No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation (of whom one shall be or shall be the proxy or representative of a holder of A shares and one shall be or shall be the proxy or representative of a holder of B shares) shall be a quorum for all purposes.
- 14.2 If a quorum is not present within half an hour for the time appointed for a meeting, or if, during the meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the directors may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the adjourned meeting it shall be dissolved.
- 14.3 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy or by duly authorised representative and entitled to vote. Regulation 46 of Table A is modified accordingly.
- 14.4 The chairman at every general meeting of the Company shall be appointed by agreement between the holders of a majority of the A shares from time to time in issue and the holders of a majority of the B shares from time to time in issue and, in the absence of agreement, shall be appointed by such respective holders alternately. The chairman shall not have a second or casting vote.

15. VOTES OF MEMBERS

Regulation 59 is amended by deleting the second sentence and adding the following sentence at the end of the Regulation:

"A proxy need not be a member of the Company".

16. DIRECTORS

- 16.1 Unless and until otherwise determined by the Company by ordinary resolution, the directors shall be not less than five in number.
- 16.2 Subject to completion of the subscription and shareholders agreement between Lloyd's, Xpanse No. 2 Limited and the Company to be entered into on the date of adoption of

these Articles (the "Subscription and Shareholder Agreement") the holders from time to time of a majority of the A shares shall be entitled at any time and from time to time by a memorandum signed by such majority to appoint three persons to be non-executive directors of the Company (one of whom shall be a non-executive Chairman) and to remove such persons appointed by them from office and appoint others in their place (any director appointed under this Article being referred to in these Articles as an A Director). Any such appointment or dismissal shall take effect at and from the time when the memorandum is lodged at the registered office of the Company or produced to a meeting of the directors.

16.3 Subject to completion of the Subscription and Shareholders Agreement, the holders from time to time of a majority of the B shares shall be entitled at any time and from time to time by a memorandum signed by such majority to appoint three persons to be executive directors of the Company (one of whom shall be Chief Executive Officer) and one person to be a non-executive director of the Company and to remove such persons from office and appoint another in his place (any director appointed under this Article being referred to in these Articles as a B Director). Any such appointment or dismissal shall take effect at and from the time when the memorandum is lodged at the registered office of the Company or produced to a meeting of the directors.

16.3A In addition to the rights as set out in Article 16.3, for as long as Xpanse No. 2 Limited remains as the holder of a majority of the B shares, it will have the right, exercisable by notice in writing to the Company at its registered office, to appoint an additional director (a "**Transformation Director**") in addition to those in Article 16.3 (and shall have the right exercisable by notice in writing to the company at its registered office, to remove any Transformation Director appointed by it from office and appoint others in their place). The rights under this Article 16.3A shall lapse on the completion of the Build contract (the "**End Date**"). If any Transformation Director is in office as a director at the End Date, Xpanse No. 2 Limited agrees that it will procure that such Transformation Director resigns from office promptly after the End Date.

For the purpose of this Article 16.3A:

"Build Contract" means the build agreement to be entered into by Xchanging Global Insurance Solutions Limited and Ins-Sure Holdings Limited for the provision certain services in relation to the London market.

"End Date" as defined in Article 16.3A

"Transformation Director" means any director appointed in accordance with Article 16.3A

16.4 Every director appointed pursuant to these Articles shall hold office until he is either removed or dies or vacates office pursuant to Article 18 and (subject to the provisions of Section 303 of the Companies Act) neither the Company in general meeting nor the directors shall have power to fill any such vacancy.

16.5 Any director appointed pursuant to this Article shall be at liberty from time to time to make such disclosure to the Shareholder (and where the Shareholder is a company, to any of its

associated companies from time to time) appointing him as to the business and affairs of the Company as he shall in his absolute discretion determine.

16.6 Except in the manner provided by this Article, no person shall be appointed to fill any vacancy occurring in the office of director and neither the Company in general meeting nor the directors shall have power to fill any such vacancy.

16.7 Regulation 70 of Table A is amended by adding after the words "shall be managed" in the first sentence the words "and financial and operational control of the company shall be exercised".

17. **ALTERNATE DIRECTORS**

17.1 A director (other than an alternate director) may appoint as his alternate any person who is approved for that purpose by the holders of a majority of the shares of the class held by the members by whom he was appointed. He may also terminate the appointment.

17.2 Any person mentioned in Article 17.1 may act as an alternate director to represent more than one director provided that all such directors he represents were appointed by the holders of a majority of the same class of shares and an alternate director shall be

entitled at any meeting of the directors to one vote for every director whom he represents who is not present in addition to his own vote (if any) as director, but he shall count as only one for the purposes of determining whether a quorum is present.

- 17.3 An alternate director, in his capacity as such, is not entitled to vote on a resolution on which his appointor is not entitled to vote.
- 17.4 An alternate director ceases to be an alternate for his appointor when his appointor ceases to be a director.
- 17.5 A director and alternate director shall not require a share qualification.
- 17.6 A director and an alternate director in the absence of his appointor shall be entitled to attend and speak at any general meeting of the Company, and at any separate meeting of the holders of any class of shares in the Company, notwithstanding that he is not a member.

18. DISQUALIFICATION AND REMOVAL OF DIRECTORS

The office of a director shall be vacated:

- 18.1 if he resigns the office of director by notice in writing to the Company;
- 18.2 if he becomes bankrupt or enters into any arrangement or composition with his creditors generally;
- 18.3 if he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director or he is disqualified under the Company Directors Disqualification Act 1986;
- 18.4 if he becomes of unsound mind;
- 18.5 if he is removed from office under Articles 16.2, 16.3 or 16.3A.

19. DELEGATION OF DIRECTORS' POWERS

The directors by unanimous agreement of all the directors may delegate any of their powers to any committee consisting of one or more directors.

20. DIRECTORS' APPOINTMENTS AND INTERESTS

- 20.1 The directors may appoint any one or more of their body to be holder of any executive office for such period and on such terms and with or without such title or titles as they think fit. A director holding any such office (whether appointed as aforesaid or otherwise) shall (subject to the terms of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other directors of the Company and if he shall vacate the office of director or (subject as aforesaid) if the directors resolve that his term of office as holder of such executive office as aforesaid be determined, his appointment as such shall immediately determine but without

prejudice to any claim for damages for breach of contract of service between the director and the Company.

- 20.2 A director appointed to any such office shall receive such remuneration (whether by way of salary, commission, participation in profits, provision for retirement or insurance benefit, or partly in one way and partly in another, or otherwise) as the directors may determine.
- 20.3 The directors may entrust to and confer upon any director appointed to any such office any of the powers exercisable by them as directors, other than the power to make calls or forfeit shares, upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- 20.4 Regulation 86 of Table A is amended by relettering paragraph (b) as paragraph (c) and by adding the following after paragraph (a):
- "(b) a general notice to the directors that a director is a member of a specified company or firm and is to be regarded as interested in contracts that are made with the company or firm after the date of the notice shall be deemed to be a sufficient disclosure of his interest in relation to the contracts; and".

21. PROCEEDINGS OF DIRECTORS

- 21.1 The last two sentences of Regulation 88 of Table A are deleted.
- 21.2 Subject to completion of the Subscription and Shareholders Agreement, the quorum necessary for the transaction of the business of the directors shall be three directors, comprising one A Director and two B Directors present at the commencement and throughout the whole of the meeting provided that if within half an hour of the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place and the directors then present shall form a quorum. Until completion of the Subscription and Shareholders Agreement, the quorum necessary for the transaction of the business of the directors shall be two directors.
- 21.3 The chairman at all meetings of the directors shall be the person (if any) appointed pursuant to article 16.2 and, in the absence of any person so appointed shall be appointed by the directors and in either case the chairman shall not have a second or casting vote.
- 21.4 Provided that he has disclosed to the directors the nature of his interest, a director may vote at any meeting of directors or any committee of directors on any resolutions notwithstanding that it in any way concerns or relates to a matter in which he has an interest, directly or indirectly, of any kind whatsoever and shall be counted in the quorum present at the meeting notwithstanding such interest.

- 21.5 A director may participate in a meeting of the directors or of a committee of which he is a member by conference telephone or similar communications equipment by means of which all the persons participating in the meeting can hear each other at the same time. Participation in a meeting in this manner is treated as presence in person at the meeting.

22. MINUTES

Regulation 100 of Table A is amended by replacing paragraphs (a) and (b) with:

- (a) "of all proceedings of general meetings and class meetings;
- (b) of all proceedings of meetings of directors and of committees of directors; and
- (c) of all written resolutions of shareholders or directors."

23. THE SEAL

If the Company has a seal, it shall only be used by the authority of the directors or of a committee of the directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director. A document signed by a director and the secretary or by two directors and expressed to be executed by the company has the same effect as if executed under the seal.

24. DIVIDENDS

Regulation 102 of Table A is amended by replacing "ordinary resolution" with "special resolution".

25. NOTICES

The following regulations of Table A apply as amended by this Article:

- 25.1 the last sentence of Regulation 66 is deleted;
- 25.2 the third sentence of Regulation 88 is deleted;
- 25.3 the last sentence of Regulation 112 is deleted; and
- 25.4 in Regulation 116 there are deleted the words "within the United Kingdom".

26. INDEMNITY

To the extent not avoided by the provisions of the Act and without prejudice to any indemnity which an officer might otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges and expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation to it, and the Company may:

- 26.1 purchase or maintain for any such officer or auditor insurance against any such liability, (whether or not avoided by the provisions of the Act); and
- 26.2 without prejudice to the foregoing indemnify such officer or auditor against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or where the proceedings are withdrawn or settled on terms which do not include a finding or admission of a material breach of duty by him or in connection with any application under the Act in which relief is granted to him by the Court.