

**THE COMPANIES ACT 2006**  
**A PUBLIC COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**

**of**  
**TSB BANK PLC**  
**(Adopted by Special Resolution passed on 3 May 2016)**  
**(incorporated on 24 September 1985)**

**Articles****Page**

1.	Model articles do not apply .....	1
2.	Defined terms .....	1
3.	Limited liability of members .....	3
4.	Unrestricted objects .....	3
5.	Number of directors.....	3
6.	Directors' general powers .....	3
7.	Members' reserve power .....	3
8.	Directors' duties .....	4
9.	Directors may delegate .....	4
10.	Committees.....	4
11.	Pensions and other benefits .....	4
12.	Directors to take decisions collectively .....	5
13.	Calling a directors' meeting .....	5
14.	Participation in directors' meetings .....	6
15.	Quorum for directors' meetings .....	6
16.	Meetings where total number of directors less than quorum.....	6
17.	Chairing directors' meetings .....	7
18.	Voting at directors' meetings: general rules .....	7
19.	Alternates voting at directors' meetings .....	7
20.	Proposing directors' written resolutions .....	7
21.	Adoption of directors' written resolutions .....	8
22.	Directors' discretion to make further rules .....	8
23.	Directors' interests in relation to transactions or arrangements with the company .....	8
24.	Directors' interests other than in relation to transactions or arrangements with the company .....	8
25.	Directors' interests generally and voting .....	10
26.	Methods of appointing directors.....	11
27.	Appointment of executive directors and chairman .....	11
28.	Powers of executive directors.....	11
29.	Termination of director's appointment .....	11
30.	Appointment and termination of appointment of directors by holders of the majority of the shares .....	12
31.	Directors' services and remuneration.....	12
32.	Directors' expenses .....	12
33.	Appointment and removal of alternates.....	13
34.	Rights and responsibilities of alternate directors.....	13
35.	Termination of alternate directorship .....	14
36.	Company secretary and deputy company secretaries .....	14
37.	Annual General Meetings.....	14
38.	Members can call general meeting if not enough directors .....	15
39.	Notice of general meeting .....	15
40.	Attendance and speaking at general meetings .....	15
41.	Quorum for general meetings .....	15
42.	Chairing general meetings .....	15
43.	Attendance and speaking by directors and non-members .....	16
44.	Adjournment.....	16
45.	Voting: general .....	17
46.	Errors and disputes .....	17
47.	Demanding a poll .....	17
48.	Procedure on a poll.....	17
49.	Content of proxy notices .....	18
50.	Delivery of proxy notices etc. ....	19

51.	Amendments to resolutions .....	19
52.	Class meetings .....	20
53.	Allotment (etc.) of shares .....	20
54.	Powers to issue different classes of share.....	20
55.	Payment of commissions on subscription for shares.....	20
56.	Company not bound by less than absolute interests .....	21
57.	Issue of certificates .....	21
58.	Contents and execution of share certificates .....	21
59.	Consolidated share certificates .....	21
60.	Replacement share certificates .....	22
61.	Company's lien over partly paid shares.....	23
62.	Enforcement of the company's lien .....	23
63.	Call notices.....	24
64.	Liability to pay calls.....	25
65.	When call notice need not be issued.....	25
66.	Failure to comply with call notice: automatic consequences .....	25
67.	Notice of intended forfeiture .....	26
68.	Directors' power to forfeit shares .....	26
69.	Effect of forfeiture.....	26
70.	Procedure following forfeiture .....	27
71.	Surrender of shares.....	27
72.	Transfers of shares.....	28
73.	Transmission of shares .....	28
74.	Transmittees' rights.....	29
75.	Exercise of transmittees' rights.....	29
76.	Transmittees bound by prior notices .....	29
77.	Procedure for disposing of fractions of shares .....	29
78.	Procedure for declaring dividends.....	30
79.	Calculation of dividends.....	30
80.	Payment of dividends and other distributions .....	31
81.	Deductions from distributions in respect of sums owed to the company .....	31
82.	No interest on distributions .....	32
83.	Unclaimed distributions.....	32
84.	Non-cash distributions.....	32
85.	Waiver of distributions.....	32
86.	Authority to capitalise and appropriation of capitalised sums.....	33
87.	Means of communication to be used.....	34
88.	When a communication from the company to a member is deemed received .....	34
89.	Notices in writing given to the company by holders of the majority of the shares .....	35
90.	Company seals.....	35
91.	Authentication of documents.....	35
92.	Destruction of documents.....	36
93.	No right to inspect accounts and other records.....	37
94.	Provision for employees on cessation of business.....	37
95.	Indemnity.....	37
96.	Insurance .....	38

Company number  
SC095237

THE COMPANIES ACT 2006  
A PUBLIC COMPANY LIMITED BY SHARES  
**ARTICLES OF ASSOCIATION**  
OF  
**TSB BANK PLC**

*(adopted by special resolution  
passed on 3 May 2016)*

**PRELIMINARY**

**1. Model articles do not apply**

None of the articles in the model articles for a public company set out in Schedule 3 to The Companies (Model Articles) Regulations 2008 shall apply to the company.

**INTERPRETATION AND LIMITATION OF LIABILITY**

**2. Defined terms**

(1) In the articles, unless the context requires otherwise:

**alternate** or **alternate director** has the meaning given in article 33(1);

**appointor** has the meaning given in article 33(1);

**articles** means the company's articles of association, as from time to time amended;

**bankruptcy** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

**board** means the board of directors of the company;

**call** has the meaning given in article 63(1);

**call notice** has the meaning given in article 63(1);

**chairman** has the meaning given in article 17;

**chairman of the meeting** has the meaning given in article 42(3);

**Companies Act** means the Companies Act 2006 including any statutory modification or re-enactment of it for the time being in force;

**company** means TSB Bank plc (registered number SC095237);

**company's lien** has the meaning given in article 61(1);

**director** means a director of the company, and includes any person occupying the position of director, by whatever name called;

**distribution recipient** has the meaning given in article 80(2);

**document** includes, unless otherwise specified, any document sent or supplied in electronic form;

**electronic form** has the meaning given in section 1168 of the Companies Act;

**eligible director** means a director who is entitled to vote on the relevant matter at a directors' meeting but excluding any director whose vote is not to be counted in respect of the relevant matter.

**fully paid** in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

**hard copy form** has the meaning given in section 1168 of the Companies Act;

**holder** in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

**instrument** means a document in hard copy form;

**member** has the meaning given in section 112 of the Companies Act;

**ordinary resolution** has the meaning given in section 282 of the Companies Act;

**paid** means paid or credited as paid;

**participate** in relation to a directors' meeting, has the meaning given in article 14;

**partly paid** in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the company;

**proxy notice** has the meaning given in article 49(1);

**relevant situation** has the meaning given in article 24;

**Sabadell** means Banco de Sabadell, S.A.

**Sabadell group** means Sabadell and its subsidiary undertakings;

**securities seal** has the meaning given in article 58(2);

**shares** means shares in the company;

**special resolution** has the meaning given in section 283 of the Companies Act;

**subsidiary** undertaking has the meaning given in section 1162 of the Companies Act;

**transmittee** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;

**writing** or **written** includes fax and e-mail but excludes text messages and other communications in electronic form.

- (2) Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act as in force on the date when these articles become binding on the company.
- (3) Unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations.
- (4) Headings to the articles are inserted for convenience only and shall not affect construction.

### **3. Limited liability of members**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

## **OBJECTS**

### **4. Unrestricted objects**

Nothing in the articles shall constitute a restriction on the objects of the company to do (or omit to do) any act and, in accordance with section 31(1) of the Companies Act, the company's objects are unrestricted.

## **DIRECTORS**

### **DIRECTORS' GENERAL POWERS, DUTIES AND RESPONSIBILITIES**

### **5. Number of directors**

The directors shall not be less than five or more than fifteen in number save that the company may by ordinary resolution from time to time vary the minimum number and/or maximum number of directors.

### **6. Directors' general powers**

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

### **7. Members' reserve power**

- (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- (2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.
- (3) The members may, by ordinary resolution, from time to time determine that certain matters (to be known as "reserved matters") may only be implemented with the approval of Sabadell, subject to any requirements under the Companies Act (such approval to be given by a written notice signed by or on behalf of Sabadell and provided to the Company Secretary), and the directors shall not take any decision or action in relation to any such reserved matter without such approval.

## **8. Directors' duties**

- (1) The purpose of the company:
  - (a) may, if and to the extent that the directors consider it appropriate; and
  - (b) shall, if directed by the holders of the majority of the shares by notice in writing to the company,  
  
include promoting the success of the Sabadell group as a whole or of any one or more members of the Sabadell group.
- (2) In the exercise of his duties, a director shall not be restricted by any duty of confidentiality to the company from providing information regarding the company to a holding company of the company but a director who is also a director of any holding company of the company shall owe a strict duty of confidentiality to that holding company in relation to confidential information of the holding company.

## **9. Directors may delegate**

- (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:
  - (a) to such person or committee;
  - (b) by such means (including by power of attorney);
  - (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;  
  
as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **10. Committees**

- (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## **11. Pensions and other benefits**

The directors may exercise all the powers of the company to:

- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment,

to or for the benefit of any person who is or has been at any time in the employment of the company or of any body corporate which is or was associated with the company or of the predecessors in business of the company or any such associated body corporate, or the relatives or dependants of any such person; for that purpose, the directors may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;

- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any employee of the company or of any associated body corporate, and to lend money to any such employee or to trustees on his or her behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the company or associated body corporate or any employees of the company or associated body corporate or their relatives or dependants or connected with any town or place where the company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

### **DECISION-MAKING BY DIRECTORS**

#### **12. Directors to take decisions collectively**

Decisions of the directors may be taken:

- (a) at a directors' meeting, or
- (b) in the form of a directors' written resolution.

#### **13. Calling a directors' meeting**

- (1) Any director may call a directors' meeting.
- (2) The company secretary must call a directors' meeting if a director so requests.
- (3) A directors' meeting is called by giving notice of the meeting to the directors.
- (4) Notice of any directors' meeting must indicate:
  - (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (5) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (6) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

#### **14. Participation in directors' meetings**

- (1) Subject to the articles, directors **participate** in a directors' meeting, or part of a directors' meeting, when:
  - (a) the meeting has been called and takes place in accordance with the articles; and
  - (b) they can each communicate to the others (either in person or by telephone, videoconference or any other means) any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is. In the absence of such a decision, the meeting is deemed to take place at the location from where the chairman participates.

#### **15. Quorum for directors' meetings**

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors but subject to paragraph (3), it must never be less than five eligible directors, and unless otherwise fixed it is five eligible directors, at least one of whom must have been appointed at the nomination of the members, at least one of whom must be an executive director and at least one of whom must have been determined by the board to be an independent non-executive director.
- (3) For the purpose of any directors' meeting (or part of a meeting) held in accordance with article 24 to authorise a director's conflict of interest, if only one eligible director is in office, the quorum is one eligible director.

#### **16. Meetings where total number of directors less than quorum**

- (1) This article applies where the total number of directors for the time being in office is less than the quorum for directors' meetings.
- (2) If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.
- (3) If there is more than one director:
  - (a) a directors' meeting may take place, if it is called in accordance with the articles and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting to do so; and
  - (b) if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

**17. Chairing directors' meetings**

- (1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the **chairman**.
- (3) The directors may appoint other directors as deputy or assistant chairmen to chair directors' meetings in the chairman's absence.
- (4) The directors may terminate the appointment of the chairman, deputy or assistant chairman at any time. Any such termination does not automatically terminate the relevant person's appointment as a director.
- (5) If neither the chairman nor any director appointed generally to chair directors' meetings in the chairman's absence is participating in a meeting within ten minutes of the time at which it was due to start, the participating directors may appoint one of themselves to chair it.

**18. Voting at directors' meetings: general rules**

- (1) Subject to the articles, a decision is taken at a directors' meeting by a majority of the votes of the participating directors.
- (2) Subject to the articles, each eligible director participating in a directors' meeting has one vote.

**19. Alternates voting at directors' meetings**

A director who is also an alternate director has an additional vote on behalf of each appointor who:

- (a) is not participating in a directors' meeting; and
- (b) would have been an eligible director if they were participating in it.

No alternate may be counted as more than one director for the purpose of determining whether a quorum is present.

**20. Proposing directors' written resolutions**

- (1) Any director may propose a directors' written resolution.
- (2) The company secretary must propose a directors' written resolution if a director so requests.
- (3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- (4) Notice of a proposed directors' written resolution must indicate:
  - (a) the proposed resolution; and
  - (b) the time by which it is proposed that the directors should adopt it.
- (5) Notice of a proposed directors' written resolution must be given in writing to each director.
- (6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably and in good faith.

**21. Adoption of directors' written resolutions**

- (1) A proposed directors' written resolution is adopted when all the eligible directors have signed one or more copies of it or otherwise indicated their agreement to it in writing (which may include by electronic mail), provided that those directors would have formed a quorum at such a meeting.
- (2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.
- (3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.
- (4) The company secretary must ensure that the company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

**22. Directors' discretion to make further rules**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

**DIRECTORS' INTERESTS**

**23. Directors' interests in relation to transactions or arrangements with the company**

The relevant provisions of the Companies Act (including without limitation sections 177 and 182 of the Companies Act) shall apply in relation to declarations of interests in proposed and existing transactions or arrangements with the company.

**24. Directors' interests other than in relation to transactions or arrangements with the company**

- (1) If a situation (a **relevant situation**) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest) the following provisions shall apply if the conflict of interest does not arise in relation to a transaction or arrangement with the company:
  - (a) if the relevant situation arises from the appointment or proposed appointment of a person as a director of the company:
    - (i) the directors (other than the interested director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution); or
    - (ii) the members (by ordinary resolution or by notice in writing given to the company by the holders of a majority of the shares),  
  
may resolve to authorise the appointment of the director and the relevant situation on such terms as they may determine;
  - (b) if the relevant situation arises in circumstances other than in paragraph (a):

- (i) the directors (other than the interested director and any other director with a similar interest who shall not be counted in the quorum at the meeting and shall not vote on the resolution); or
  - (ii) the members (by ordinary resolution or by notice in writing given to the company by the holders of a majority of the shares),  
  
may resolve to authorise the relevant situation and the continuing performance by the director of his duties on such terms as they may determine.
- (2) Any reference in article 24(1) to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- (3) Any terms determined by the directors or the members under articles 24(1)(a) or 24(1)(b) may be imposed at the time of the authorisation or may be imposed or varied subsequently by either the directors or the members and may include (without limitation):
  - (a) whether the interested directors may vote (and be counted in the quorum at any meeting) in relation to any decision relating to the relevant situation;
  - (b) the exclusion of the interested directors from all information and discussion by the company of the relevant situation; and
  - (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the company for any confidential information of the company in relation to the relevant situation.
- (4) Any authorisation given under articles 24(1)(a) or 24(1)(b) may be withdrawn by either the directors or the members by giving notice to the director concerned.
- (5) An interested director must act in accordance with any terms determined by the directors or the members under articles 24(1)(a) or 24(1)(b).
- (6) Except as specified in article 24(1), any proposal made to the directors and any authorisation by the directors in relation to a relevant situation shall be dealt with in the same way as any other matter may be proposed to and decided by the directors in accordance with the articles.
- (7) Any authorisation of a relevant situation given by the directors or the members under article 24(1) may provide that, where the interested director obtains (other than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose it to the company or to use it in relation to the company's affairs in circumstances where to do so would amount to a breach of that confidence.
- (8)
  - (a) If the directors make an authorisation under article 24(1), impose or vary the terms of an authorisation under article 24(3), or withdraw an authorisation under article 24(4), they shall, as soon as reasonably practicable, notify the members of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms.
  - (b) If the members make an authorisation under article 24(1), impose or vary the terms of an authorisation under article 24(3), or withdraw an authorisation under article 24(4), they shall, as soon as reasonably practicable, notify the directors of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms.

- (9) (a) A director shall, as soon as reasonably practicable, declare the nature and extent of his interest in a relevant situation within article 24(1)(a) or 24(1)(b) to the other directors and the members.

Failure to comply with this requirement does not affect the underlying duty to make the declaration of interest.

- (b) If a declaration of interest in relation to a relevant situation proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

## **25. Directors' interests generally and voting**

- (1) Subject to the Companies Act and to articles 23 and 24, a director notwithstanding his office:
- (a) may be a party to, or otherwise interested or participate in, any transaction or arrangement with the company or in which the company is otherwise interested, including any such pensions, other benefits, transactions or arrangements as are referred to in article 11;
  - (b) may act by himself or his firm in a professional capacity for the company (except as auditor) and he or his firm shall be entitled to remuneration as if he were not a director;
  - (c) may be a 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; and
  - (d) shall not, by reason of his office (or of the fiduciary relationship established by holding that office), be accountable to the company for any remuneration, profit or other benefit resulting from any relevant situation authorised under article 24 or any interest permitted under paragraphs (a), (b), or (c) of this article 25, and no contract, transaction or arrangement shall be liable to be avoided on the grounds of any director having an interest authorised under article 24 or permitted under paragraphs (a), (b), or (c) of this article 25.
- (2) Subject to articles 23 and 24 and to any contrary direction from the holders of a majority of the shares, a director shall be entitled to vote on any decision concerning any matter in which he has, directly or indirectly, an interest or a duty.
- (3) In the case of an alternate director, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has.
- (4) Subject to the Companies Act, the company may, by ordinary resolution or by notice in writing given to the company by the holders of a majority of the shares, suspend or relax the provisions of this article to any extent or ratify any contract, transaction or arrangement not duly authorised by reason of a contravention of this article.
- (5) Where proposals are under consideration concerning the 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 otherwise precluded from voting) each of the directors concerned shall be entitled to vote (and to form part of the quorum) in respect of each proposal except that concerning his own appointment.

- (6) Subject to article 25(7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting and quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting and quorum purposes.

## **APPOINTMENT OF DIRECTORS**

### **26. Methods of appointing directors**

Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

- (a) by ordinary resolution;
- (b) by a decision of the directors; or
- (c) by notice in writing given in accordance with article 30.

### **27. Appointment of executive directors and chairman**

- (1) The directors may from time to time appoint one or more of them to be the holder of any executive office (or, where considered appropriate, the office of chairman, deputy chairman or assistant chairman) on such terms and for such period as they may (subject to the provisions of the Companies Act) resolve and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.
- (2) The appointment of any director to the office of chairman, deputy chairman or assistant chairman shall automatically terminate if such director ceases to be a director for any reason but without prejudice to any claim for damages for breach of any letter of appointment between such director and the company.
- (3) The appointment of any director to any executive office shall not automatically terminate if such director ceases to be a director for any reason, unless the service contract or resolution under which such director holds office expressly states otherwise, in which case such termination shall be without prejudice to any claim for damages for breach of any contract of service between such director and the company.

### **28. Powers of executive directors**

The directors may entrust to and confer upon any director holding any executive office any of the powers exercisable by the directors 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. The directors may from time to time revoke, withdraw, alter or vary all or any of such delegated powers.

### **29. Termination of director's appointment**

- (1) A person ceases to be a director as soon as:

- (a) that person ceases to be a director by virtue of any provision of the Companies Act or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who has examined him gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms;
- (g) that person is absent from meetings of directors for six months or more without permission and the directors have resolved that that person should cease to be a director; or
- (h) notice in writing is received by the company in accordance with article 30.

**30. Appointment and termination of appointment of directors by holders of the majority of the shares**

The holders of the majority of the shares may appoint any person as a director and may remove any director. Any appointment or removal shall be made by notice in writing to the company signed by the holders or on their behalf and shall take effect when it is lodged at the registered office or produced at any directors' meeting.

**31. Directors' services and remuneration**

- (1) Directors may undertake any services for the company that the directors decide and the company may enter into a contract of service with any director on such terms as the directors think fit.
- (2) Directors are entitled to such remuneration as the directors determine:
  - (a) for their services to the company as directors; and
  - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may take any form.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

**32. Directors' expenses**

The company may pay any reasonable expenses which the directors or alternate directors properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors;
  - (b) general meetings; or
  - (c) separate meetings of the holders of any class of shares or of debentures of the company,
- or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

### **ALTERNATE DIRECTORS**

#### **33. Appointment and removal of alternates**

- (1) Any director (the **appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors (an **alternate** or **alternate director**) to:
  - (a) exercise that director's powers; and
  - (b) carry out that director's responsibilities,in relation to the taking of decisions by the directors in the absence of the alternate's appointor.
- (2) Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.
- (3) The notice must:
  - (a) identify the proposed alternate; and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

#### **34. Rights and responsibilities of alternate directors**

- (1) Subject to the articles, an alternate may act as alternate director to more than one director and has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.
- (2) Except as the articles specify otherwise, alternate directors:
  - (a) are deemed for all purposes to be directors;
  - (b) are liable for their own acts and omissions;
  - (c) are subject to the same restrictions as their appointors; and
  - (d) are not deemed to be agents of or for their appointors,and, in particular, each alternate director shall be entitled to receive notice of all directors' meetings and of all committee meetings of directors of which his appointor is a member.
- (3) Subject to the articles, a person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating); and
- (b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

No alternate may be counted as more than one director for such purposes.

- (4) An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing given to the company.

### **35. Termination of alternate directorship**

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate, or in any other manner approved by the directors;
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor;
- (d) when the alternate's appointor's appointment as a director terminates; or
- (e) where the directors otherwise decide.

## **COMPANY SECRETARY**

### **36. Company secretary and deputy company secretaries**

- (1) The company shall have a secretary who shall be appointed on such terms as the directors think fit. Any secretary so appointed may at any time be removed from office by the directors, but without prejudice to any claim for damages for breach of any contract of service between him or her and the company.
- (2) The company may appoint one or more deputy company secretaries who shall be appointed on such terms as the directors think fit. Any deputy company secretary so appointed may at any time be removed from office by the directors, but without prejudice to any claim for damages for breach of any contract of service between him or her and the company.

## **DECISION-MAKING BY MEMBERS**

### **37. Annual General Meetings**

An Annual General Meeting shall be held in each period of six months beginning with the day following the company's accounting reference date, at such place or places, date and time as may be decided by the directors.

**38. Members can call general meeting if not enough directors**

If:

- (a) the company has fewer than five directors; and
- (b) the directors (if any) are unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,

then two or more members (or, if the company is a sole member company, the sole member) may call a general meeting (or instruct the company secretary to do so) for the purpose of appointing one or more directors.

**39. Notice of general meeting**

A member present either in person or proxy at any general meeting shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.

**40. Attendance and speaking at general meetings**

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate (either in person or by telephone, videoconference or any other means) to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when:
  - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

**41. Quorum for general meetings**

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. For so long as the company has a sole member the quorum of the meeting is one. In all other cases two members attending the meeting shall constitute a quorum.

**42. Chairing general meetings**

- (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
  - (a) the directors present; or
  - (b) (if no directors are present), the meeting,must appoint a director or member (which may include a proxy or corporate representative) to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- (3) The person chairing a meeting in accordance with this article is referred to as **the chairman of the meeting**.

#### **43. Attendance and speaking by directors and non-members**

- (1) Directors may attend and speak at general meetings, whether or not they are members.
- (2) The chairman of the meeting may permit other persons who are not:
  - (a) members of the company; or
  - (b) otherwise entitled to exercise the rights of members in relation to general meetings,to attend and speak at a general meeting.

#### **44. Adjournment**

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
  - (a) the meeting consents to an adjournment; or
  - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must:
  - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
  - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the company's general meetings is required to be given; and
  - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **VOTING AT GENERAL MEETINGS**

### **45. Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **46. Errors and disputes**

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting whose decision is final.

### **47. Demanding a poll**

- (1) A poll on a resolution may be demanded:
  - (a) in advance of the general meeting where it is to be put to the vote; or
  - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by:
  - (a) the chairman of the meeting;
  - (b) any director;
  - (c) two or more persons having the right to vote on the resolution; or
  - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if:
  - (a) the poll has not yet been taken; and
  - (b) the chairman of the meeting consents to the withdrawal.

### **48. Procedure on a poll**

- (1) Subject to the articles, polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs.
- (2) The chairman of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.

- (3) The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.
- (4) A poll on:
  - (a) the election of the chairman of the meeting; or
  - (b) a question of adjournment,must be taken immediately.
- (5) Other polls must be taken within 30 days of their being demanded.
- (6) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.
- (7) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.
- (8) In any other case, at least 7 days' notice must be given specifying the time and place at which the poll is to be taken.

#### **49. Content of proxy notices**

- (1) Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:
  - (a) states the name and address of the member appointing the proxy;
  - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
  - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as:
  - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

## **50. Delivery of proxy notices etc.**

- (1) Any notice of a general meeting must specify the address or addresses (**proxy notification address**) at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
- (2) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (3) Subject to paragraphs (4) and (5) of this article 50, a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
- (4) In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
- (5) In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered:
  - (a) in accordance with paragraph (3) of this article 50; or
  - (b) at the meeting at which the poll was demanded to the chairman, company secretary or any director.
- (6) An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
- (7) A notice revoking a proxy appointment only takes effect if it is delivered before:
  - (a) the start of the meeting or adjourned meeting to which it relates; or
  - (b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
- (8) If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

## **51. Amendments to resolutions**

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
  - (a) notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
  - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
  - (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## **APPLICATION OF RULES TO CLASS MEETINGS**

### **52. Class meetings**

The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares or debentures of the company.

## **SHARES AND DISTRIBUTIONS**

### **ISSUE OF SHARES**

### **53. Allotment (etc.) of shares**

Subject to the Companies Act, these articles and any resolution of the company, the directors may with the approval of the members offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any shares to such persons, at such times and generally on such terms as the directors may decide.

### **54. Powers to issue different classes of share**

- (1) Subject to the articles, but without prejudice to article 53 or to the rights attached to any existing share, the company may issue further classes of shares with such rights or restrictions as may be determined by ordinary resolution.
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.
- (3) In the event that rights and restrictions attaching to shares are determined by ordinary resolution or by the directors pursuant to this article, those rights and restrictions shall apply, in particular in place of any rights or restrictions that would otherwise apply by virtue of the Companies Act in the absence of any provisions in the articles of a company, as if those rights and restrictions were set out in the articles.

### **55. Payment of commissions on subscription for shares**

- (1) The company may pay any person a commission in consideration for that person:
  - (a) subscribing, or agreeing to subscribe, for shares, or
  - (b) procuring, or agreeing to procure, subscriptions for shares.
- (2) Any such commission may be paid:

- (a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other; and
- (b) in respect of a conditional or an absolute subscription.

## **INTERESTS IN SHARES**

### **56. Company not bound by less than absolute interests**

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

## **SHARE CERTIFICATES**

### **57. Issue of certificates**

- (1) Subject to the Companies Act, the company must issue each member with one or more certificates in respect of the shares which that member holds.
- (2) Except as otherwise specified in the articles, all certificates must be issued free of charge.
- (3) No certificate may be issued in respect of shares of more than one class.
- (4) If more than one person holds a share, only one certificate may be issued in respect of it.

### **58. Contents and execution of share certificates**

- (1) Every certificate must specify:
  - (a) in respect of how many shares, of what class, it is issued;
  - (b) the nominal value of those shares;
  - (c) the amount paid up on them; and
  - (d) any distinguishing numbers assigned to them.
- (2) Certificates must:
  - (a) have affixed to them the company's common seal or an official seal which is a facsimile of the company's common seal with the addition on its face of the word "Securities" (a **securities seal**), and in the case of a securities seal, unless otherwise determined by the directors, the certificate does not need to be signed; or
  - (b) be otherwise executed in accordance with the Companies Act.

### **59. Consolidated share certificates**

- (1) When a member's holding of shares of a particular class increases, the company may issue that member with:
  - (a) a single, consolidated certificate in respect of all the shares of a particular class which that member holds; or

- (b) a separate certificate in respect of only those shares by which that member's holding has increased.
- (2) When a member's holding of shares of a particular class is reduced, the company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after that reduction. But the company need not (in the absence of a request from the member) issue any new certificate if:
- (a) all the shares which the member no longer holds as a result of the reduction; and
  - (b) none of the shares which the member retains following the reduction,
- were, immediately before the reduction, represented by the same certificate.
- (3) A member may request the company, in writing, to replace:
- (a) the member's separate certificates with a consolidated certificate; or
  - (b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.
- (4) When the company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.
- (5) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the company for cancellation.

**60. Replacement share certificates**

- (1) If a certificate issued in respect of a member's shares is:
- (a) damaged or defaced; or
  - (b) said to be lost, stolen or destroyed,
- that member is entitled to be issued with a replacement certificate in respect of the same shares.
- (2) A member exercising the right to be issued with such a replacement certificate:
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
  - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## PARTLY PAID SHARES

### 61. Company's lien over partly paid shares

- (1) The company has a lien (the **company's lien**) over every share which is partly paid for any part of:
  - (a) that share's nominal value; and
  - (b) any premium at which it was issued,which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.
- (2) The company's lien over a share:
  - (a) takes priority over any third party's interest in that share; and
  - (b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.
- (3) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

### 62. Enforcement of the company's lien

- (1) Subject to the provisions of this article, if:
  - (a) a lien enforcement notice has been given in respect of a share; and
  - (b) the person to whom the notice was given has failed to comply with it,the company may sell that share in such manner as the directors decide.
- (2) A lien enforcement notice:
  - (a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;
  - (b) must specify the share concerned;
  - (c) must require payment of the sum payable within 14 days of the notice;
  - (d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
  - (e) must state the company's intention to sell the share if the notice is not complied with.
- (3) Where shares are sold under this article:
  - (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and

- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- (4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:
  - (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice;
  - (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- (5) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date:
  - (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
  - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

### **63. Call notices**

- (1) Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a **call notice**) to a member requiring the member to pay the company a specified sum of money (a **call**) which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.
- (2) A call notice:
  - (a) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium);
  - (b) must state when and how any call to which it relates is to be paid; and
  - (c) may permit or require the call to be paid by instalments.
- (3) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.
- (4) Before the company has received any call due under a call notice the directors may:
  - (a) revoke it wholly or in part; or
  - (b) specify a later time for payment than is specified in the notice,by a further notice in writing to the member in respect of whose shares the call is made.

**64. Liability to pay calls**

- (1) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- (2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
- (3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:
  - (a) to pay calls which are not the same; or
  - (b) to pay calls at different times.

**65. When call notice need not be issued**

- (1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium):
  - (a) on allotment;
  - (b) on the occurrence of a particular event; or
  - (c) on a date fixed by or in accordance with the terms of issue.
- (2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

**66. Failure to comply with call notice: automatic consequences**

- (1) If a person is liable to pay a call and fails to do so by the call payment date:
  - (a) the directors may issue a notice of intended forfeiture to that person; and
  - (b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.
- (2) For the purposes of this article:
  - (a) the **call payment date** is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the call payment date is that later date;
  - (b) the **relevant rate** is:
    - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
    - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
    - (iii) if no rate is fixed in either of these ways, 5 per cent. per annum.

- (3) The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.
- (4) The directors may waive any obligation to pay interest on a call wholly or in part.

**67. Notice of intended forfeiture**

A notice of intended forfeiture:

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (b) must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
- (c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
- (d) must state how the payment is to be made; and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

**68. Directors' power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

**69. Effect of forfeiture**

- (1) Subject to the articles, the forfeiture of a share extinguishes:
  - (a) all interests in that share, and all claims and demands against the company in respect of it; and
  - (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.
- (2) Any share which is forfeited in accordance with the articles:
  - (a) is deemed to have been forfeited when the directors decide that it is forfeited;
  - (b) is deemed to be the property of the company; and
  - (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.
- (3) If a person's shares have been forfeited:
  - (a) the company must send that person notice that forfeiture has occurred and record it in the register of members;
  - (b) that person ceases to be a member in respect of those shares;

- (c) that person must surrender the certificate for the shares forfeited to the company for cancellation;
  - (d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
  - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- (4) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

#### **70. Procedure following forfeiture**

- (1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
- (2) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date:
  - (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
  - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.
- (3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- (4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which:
  - (a) was, or would have become, payable; and
  - (b) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

#### **71. Surrender of shares**

- (1) A member may surrender any share:
  - (a) in respect of which the directors may issue a notice of intended forfeiture;
  - (b) which the directors may forfeit; or
  - (c) which has been forfeited.

- (2) The directors may accept the surrender of any such share.
- (3) The effect of surrender on a share is the same as the effect of forfeiture on that share.
- (4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **72. Transfers of shares**

- (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of:
  - (a) the transferor; and
  - (b) (if any of the shares is partly paid) the transferee.
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- (5) The directors may refuse to register the transfer of a share if:
  - (a) the share is not fully paid;
  - (b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed;
  - (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
  - (d) the transfer is in respect of more than one class of share; or
  - (e) the transfer is in favour of more than four transferees.
- (6) If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

### **73. Transmission of shares**

- (1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- (2) Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

**74. Transmittees' rights**

- (1) A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
  - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (2) But transmittees do not have the right to attend or vote at a general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

**75. Exercise of transmittees' rights**

- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

**76. Transmittees bound by prior notices**

If a notice is given to a member in respect of shares and a transmittee (or person nominated by such transmittee pursuant to article 74) is entitled to those shares, the transmittee (or transferee) is bound by the notice if it was given to the member before the transmittee's (or transferee's) name has been entered in the register of members.

**CONSOLIDATION OF SHARES**

**77. Procedure for disposing of fractions of shares**

- (1) This article applies where:
  - (a) there has been a consolidation or division of shares; and
  - (b) as a result, members are entitled to fractions of shares.
- (2) The directors may:
  - (a) sell the shares representing the fractions to any person including the company for the best price reasonably obtainable;
  - (b) authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
  - (c) distribute the net proceeds of sale in due proportion among the holders of the shares.

- (3) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity for the purposes of the law of England and Wales, Scotland or Northern Ireland.
- (4) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.
- (5) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

## **DISTRIBUTIONS**

### **78. Procedure for declaring dividends**

- (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with members' respective rights.
- (4) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **79. Calculation of dividends**

- (1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be:
  - (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
  - (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- (3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

## 80. Payment of dividends and other distributions

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
  - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:
  - (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

## 81. Deductions from distributions in respect of sums owed to the company

- (1) If:
  - (a) a share is subject to the company's lien; and
  - (b) the directors are entitled to issue a lien enforcement notice in respect of it,they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice.
- (2) Money so deducted must be used to pay any of the sums payable in respect of that share.
- (3) The company must notify the distribution recipient in writing of:
  - (a) the fact and amount of any such deduction;
  - (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and
  - (c) how the money deducted has been applied.

**82. No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the holder of that share and the company.

**83. Unclaimed distributions**

(1) All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

**84. Non-cash distributions**

(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

**85. Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

- (a) the share has more than one holder; or

- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## CAPITALISATION OF PROFITS

### 86. Authority to capitalise and appropriation of capitalised sums

- (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:
  - (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
  - (b) appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.
- (2) Capitalised sums must be applied:
  - (a) on behalf of the persons entitled; and
  - (b) in the same proportions as a dividend would have been distributed to them.
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied:
  - (a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled; or
  - (b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (5) Subject to the articles the directors may:
  - (a) apply capitalised sums in accordance with articles 86(3) and 86(4) partly in one way and partly in another;
  - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
  - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## MISCELLANEOUS PROVISIONS

### COMMUNICATIONS

#### **87. Means of communication to be used**

- (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### **88. When a communication from the company to a member is deemed received**

- (1) Any document or information, if sent by first class post, shall be deemed to have been received on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been received on the second day following that on which the envelope containing it is put into the post and in proving that a document or information has been received it shall be sufficient to prove that the letter, envelope or wrapper containing the document or information was properly addressed, prepaid and put into the post.
- (2) Any document or information not sent by post but left at a registered address or address at which a document or information may be received shall be deemed to have been received on the day it was so left.
- (3) Any document or information, if sent or supplied by electronic means, shall be deemed to have been received on the day on which the document or information was sent or supplied by or on behalf of the company.
- (4) If the company receives a delivery failure notification following a communication by electronic means in accordance with article 88(3), the company shall send or supply the document or information in hard copy or electronic form (but not by electronic means) to the member either personally or by post addressed to the member at his registered address or by leaving it at that address. This shall not affect when the document or information was deemed to be received in accordance with article 88(3).
- (5) Where a document or information is sent or supplied by means of a website, it shall be deemed to have been received:
  - (a) when the material was first made available on the website; or
  - (b) if later, when the recipient was deemed to have received notice of the fact that the material was available on the website.

- (6) Every person who becomes entitled to a share shall be bound by every notice in respect of that share which before his name is entered in the register of members was given to the person from whom he derives his title to the share.

**89. Notices in writing given to the company by holders of the majority of the shares**

Any notice in writing given to the company by the holders of a majority of the shares shall take effect when it is lodged at the registered office or produced to any directors' meeting.

**ADMINISTRATIVE ARRANGEMENTS**

**90. Company seals**

- (1) Any common seal may only be used by the authority of the directors or of a committee of the directors.
- (2) The directors may decide by what means and in what form any common seal, official seal for use abroad or securities seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is:
  - (a) any director of the company;
  - (b) the company secretary; or
  - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
- (5) If the company has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the directors.
- (6) If the company has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary.
- (7) For the purposes of the articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the directors in relation to that document or documents of a class to which it belongs.

**91. Authentication of documents**

- (1) The company secretary or any deputy company secretary or any person appointed by the directors for the purpose shall have the power to authenticate:
  - (a) any document affecting the constitution of the company;
  - (b) any resolution passed at a general meeting or at a meeting of the directors or any committee; and
  - (c) any book, record, document or account relating to the business of the company,

and to certify copies or extracts as true copies or extracts.

- (2) Where any book, record, document or account is elsewhere than at the company's registered office, the local manager or other officer of the company having custody of it shall be deemed to be a person appointed by the directors for the purpose of Article 91(1).
- (3) A document purporting to be a copy of any such resolution, or an extract from the minutes of any such meeting, which is certified in accordance with articles 91(1) or (2) shall be conclusive evidence in favour of all persons dealing with the company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

## **92. Destruction of documents**

- (1) The company is entitled to destroy:
  - (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration;
  - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;
  - (c) all share certificates which have been cancelled from one year after the date of the cancellation;
  - (d) all paid dividend warrants and cheques from one year after the date of actual payment; and
  - (e) all proxy notices from one year after the end of the meeting to which the proxy notice relates.
- (2) If the company destroys a document in good faith, in accordance with the articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the company that:
  - (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;
  - (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
  - (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled;
  - (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the company; and
  - (e) every paid dividend warrant and cheque so destroyed was duly paid.
- (3) This article does not impose on the company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.
- (4) In this article, references to the destruction of any document include a reference to its being disposed of in any manner.

**93. No right to inspect accounts and other records**

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

**94. Provision for employees on cessation of business**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

**DIRECTORS' INDEMNITY AND INSURANCE**

**95. Indemnity**

- (1) Subject to article 95(5), a relevant director of the company or an associated company may be indemnified out of the company's assets against:
  - (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;
  - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act); and
  - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) The company may fund the expenditure of a relevant director of the company or of any associated company for the purposes permitted under the Companies Act and may do anything to enable such relevant director to avoid incurring such expenditure as provided in the Companies Act.
- (3) No relevant director of the company or of any associated company shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.
- (4) The powers given by this article shall not limit any general powers of the company to grant indemnities, purchase and maintain insurance or provide funds (whether by way of loan or otherwise) to any person in connection with any legal or regulatory proceedings or applications for relief.
- (5) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law.
- (6) In this article 95 and in article 96:
  - (a) companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

- (b) a **relevant director** means any director or former director of the company or an associated company.

**96. Insurance**

- (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
- (2) In this article 96 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company.