

**THE COMPANIES ACT 2006**

**PUBLIC COMPANY LIMITED**

**BY SHARES**

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**ARTICLES OF ASSOCIATION**

**of**

**AL RAYAN BANK PLC**

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**Adopted by**

**Special Resolution**

**passed on**

**27 May 2021**



**THE COMPANIES ACT 2006**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**AL RAYAN BANK PLC**  
**(Company No. 04483430)**

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**TABLE OF CONTENTS**

**PRELIMINARY**

**PART 1**

**INTERPRETATION AND LIMITATION OF LIABILITY**

1. Defined terms
2. Liability of members

**PART 2**

**DIRECTORS**

**DIRECTORS' POWERS AND RESPONSIBILITIES**

3. Directors' general authority
4. General power of directors to exercise the company's borrowing powers
5. Management of the business
6. Power to establish local boards etc.
7. Appointment of attorneys
8. Signature of cheques, bills etc.
9. Establishment of pension or benefit schemes, clubs, funds etc.
10. Appointment of secretary
11. Appointment of assistant or deputy secretary
12. Restrictions where director and secretary are one and the same
13. Formalities concerning use of the seal
14. Members' reserve power
15. Directors may delegate
16. Committees

**DECISION-MAKING BY DIRECTORS**

17. Directors to take decisions collectively
18. Calling a directors' meeting
19. Participation in directors' meetings
20. Quorum for directors' meetings
21. Meetings where total number of directors less than quorum
22. Chairing directors' meetings



23. Voting at directors' meetings: general rules
24. Chair's casting vote at directors' meetings
25. Alternates voting at directors' meetings
26. Conflicts of interest
27. Proposing directors' written resolutions
28. Adoption of directors' written resolution
29. Directors' discretion to make further rules

### **APPOINTMENT OF DIRECTORS**

30. Methods of appointing directors
31. Vacation of office of a director
32. Removal of directors by special resolution or written notice
33. Directors' remuneration
34. Directors' expenses

### **ALTERNATE DIRECTORS**

35. Appointment and removal of alternates
36. Rights and responsibilities of alternate directors
37. Termination of alternate directorship

## **PART 3**

### **DECISION-MAKING BY MEMBERS**

#### **ORGANISATION OF GENERAL MEETINGS**

38. Annual general meetings
39. Members can call general meeting if not enough directors
40. Attendance and speaking at general meetings
41. Quorum for general meetings
42. Chairing general meetings
43. Attendance and speaking by directors and non-members
44. Adjournment
45. Security

#### **VOTING AT GENERAL MEETINGS**

46. Voting: general
47. Errors and disputes
48. Demanding a poll
49. Procedure on a poll
50. Content of proxy notices
51. Delivery of proxy notices
52. Amendments to resolutions



## **RESTRICTIONS ON MEMBERS' RIGHTS**

53. No voting of shares on which money owed to company

## **PART 4**

### **SHARES AND DISTRIBUTIONS**

#### **ISSUE OF SHARES**

54. Power to allot shares  
55. Exclusion of pre-emption rights  
56. Payment of commissions on subscription for shares

#### **INTERESTS IN SHARES**

57. Company not bound by less than absolute interests

#### **SHARE CERTIFICATES**

58. Certificates to be issued except in certain cases  
59. Contents and execution of share certificates  
60. Consolidated share certificates  
61. Replacement share certificates

#### **SHARES NOT HELD IN CERTIFICATED FORM**

62. Uncertificated shares

#### **PARTLY PAID SHARES**

63. Company's lien over partly paid shares  
64. Enforcement of the company's lien  
65. Call notices  
66. Liability to pay calls  
67. When call notice need not be issued  
68. Failure to comply with call notice: automatic consequences  
69. Notice of intended forfeiture  
70. Directors' power to forfeit shares  
71. Effect of forfeiture  
72. Procedure following forfeiture  
73. Surrender of shares

#### **TRANSFER AND TRANSMISSION OF SHARES**

74. Transfers of certificated shares



75. Transfer of uncertificated shares
76. Transmission of shares
77. Transmittees' rights
78. Exercise of transmittees' rights
79. Transmittees bound by prior notices

#### **CONSOLIDATION OF SHARES**

80. Procedure for disposing of fractions of shares

#### **DISTRIBUTIONS**

81. Procedure for declaring dividends
82. Calculation of dividends
83. Payment of dividends and other distributions
84. Share premium account
85. Profit sharing accounts
86. Deductions from distributions in respect of sums owed to the company
87. No interest on distributions
88. Unclaimed distributions
89. Non-cash distributions
90. Waiver of distributions

#### **CAPITALISATION OF PROFITS**

91. Authority to capitalise and appropriation of capitalised sums

### **PART 5**

#### **MISCELLANEOUS PROVISIONS**

##### **COMMUNICATIONS**

92. Notices and documents
93. Documents sent by the company in electronic form
94. Documents communicated by the company by means of a website
95. Failure to notify contact details

##### **ADMINISTRATIVE ARRANGEMENTS**

96. Location of registered office
97. Company seals
98. Destruction of documents
99. No right to inspect accounts and other records



## **DIRECTORS' INDEMNITY AND INSURANCE**

- 100. Indemnity
- 101. Insurance

## **WINDING UP**

- 102. Profit sharing accounts and profit stabilisation reserve



## **PRELIMINARY**

Al Rayan Bank PLC (the "company") is a Sharia compliant bank which operates according to the Sharia guidelines. The Sharia will govern these articles as long as they do not conflict with the applicable laws of the land.

### **PART 1**

#### **INTERPRETATION AND LIMITATION OF LIABILITY**

##### **1. Defined terms**

In these articles, unless the context requires otherwise:

"alternate" or "alternate director" means a person appointed as such under article 35;

"appointor" has the meaning given in article 35;

"articles" means these articles of association;

"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;

"call" has the meaning given in article 65;

"call notice" has the meaning given in article 65;

"certificate" means a paper certificate evidencing a person's title to specified shares or other securities;

"certificated" in relation to a share, means that it is not an uncertificated share;

"chair" has the meaning given in article 22;

"chair of the meeting" has the meaning given in article 42;

"clear days" means the number of days referred to excluding (i) the day when the notice is given and (ii) the day of the meeting;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"company's lien" has the meaning given in article 63;

"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 83;

"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 2006;

"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 2006;

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

"holding company" has the meaning given in section 1159 of the Companies Act 2006;

"instrument" means a document in hard copy form;

"lien enforcement notice" means a notice given under article 64;

"member" has the meaning given in section 112 of the Companies Act 2006;

"MOU" means a memorandum of understanding or other agreement relating to the governance of the company for the time being in force between the company and the holder or holders (or the holding company or any such holder) of a majority of the shares for the time being in issue;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a directors' meeting, has the meaning given in article 19;

"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;

"profit sharing account" means any Sharia compliant savings or investment account facility offered by the company;

"proxy notice" has the meaning given in article 50;

"regulatory authorities" means the Prudential Regulation Authority and the Financial Conduct Authority, or any successor or replacement authority for the time being regulating banks in the United Kingdom;

"registered office" means the registered office of the company;



“secretary” includes any assistant or deputy secretary of the company appointed and any person duly appointed by the directors to perform any of the duties of the secretary of the company and, where 2 or more persons are duly appointed to act as joint secretaries, or as joint assistant or deputy secretaries, of the company, includes any one of those persons;

“securities seal” has the meaning given in article 59;

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“statutes” means the Companies Acts;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

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

“uncertificated” in relation to a share means that, by virtue of legislation (other than section 778 of the Companies Act 2006) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

## **2. Liability of members**

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

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS’ POWERS AND RESPONSIBILITIES**

## **3. Directors’ general authority**

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.

**4. General power of directors to exercise the company's borrowing powers**

Subject to the articles, the directors may exercise all the powers of the company to raise money, to obtain finance or charge all or any of its undertaking, property, assets and uncalled capital, to issue securities, and to give security whether outright or as collateral security for any debt, liability or obligation of the company, any subsidiary of the company or of any third party.

**5. Management of the business**

The business of the company shall be managed by the directors. Subject to the articles, they may exercise all the powers of the company and do on behalf of the company all acts which could be exercised and done by the company, and which are not by the statutes or by these articles required to be exercised or done by the company in general meeting. The directors, in managing the company, are subject to the provisions of the statutes and of these articles and to any regulations prescribed by the company by ordinary resolution provided that the regulations are not inconsistent with the provisions of the statutes and these articles. No regulation so made by the company will invalidate any prior act of the directors which would have been valid if such regulation had not been made. The general powers given by this article are not limited or restricted by any special authority or power given to the directors by any other article.

**6. Power to establish local boards etc.**

The directors may establish any local boards or agencies for managing any of the affairs of the company, either in the United Kingdom or elsewhere. They may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the directors (other than their power to make calls, forfeit shares, and obtain finance) with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies on the boards, and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the directors may think fit. The directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith will be affected if they have no notice of the annulment or variation. The directors may exercise all the powers of the company under sections 49 (official seal for use abroad) and 129 (overseas branch registers) of the Companies Act 2006 and the obligations and conditions imposed by both section 49 and section 129 shall be duly observed.

## **7. Appointment of attorneys**

The directors may by power of attorney or otherwise appoint any company, firm, person or group of persons, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under or pursuant to these articles) and for such period and subject to such conditions as the directors may think fit. A power of attorney may contain such provisions as the directors may decide on for the protection and convenience of persons dealing with the attorney and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in the attorney. The directors may remove any person appointed under this article and may revoke or vary the delegation but no person who deals in good faith and without notice of the revocation or variation shall be affected by it.

## **8. Signature of cheques, bills etc.**

All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

## **9. Establishment of pension or benefit schemes, clubs, funds etc.**

(1) The directors may exercise all the powers of the company to provide as follows for employees of the company, and of its subsidiaries and companies with which it is associated (together "associated companies"):

- (a) to establish, concur or join in establishing with associated companies, schemes or funds for providing pensions, sickness or compassionate allowance, assurance benefits, donations, gratuities or other benefits for employees and to make contributions out of the company's money to such schemes or funds;
- (b) to pay, agree to pay or make grants (revocable or irrevocable and whether subject or not to any terms or conditions) of pensions or other retirement, superannuation, death or disability benefits to employees including pensions or benefits in addition to those to which the employees are or may become entitled under any scheme or fund referred to in article 9(1)(a). Any pension or benefit may be granted to an employee either before or in anticipation of or on or at any time after his actual retirement as the directors in their absolute discretion

consider to be desirable;

- (c) to procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of employees or otherwise to advance the interests and well-being of the company, its members, or associated companies; and
- (d) to procure the making of payments for or towards the insurance of any employees.

(2) For the purposes of this article "employees" include any director who holds or held office or employment with the company, ex-employees of the company and the spouse, civil partner, widow, widower or surviving civil partner, relatives, families or dependants of any class or classes of such persons.

(3) The directors may also sanction the exercise of any power conferred upon the company by section 247 (power to make provision for employees on cessation or transfer of business) of the Companies Act 2006.

(4) The directors may exercise all the powers of the company to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object.

#### **10. Appointment of secretary**

Subject to section 12 of the Companies Act 2006, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit and any secretary so appointed may be removed by the directors. If thought fit, 2 or more persons may be appointed as joint secretaries.

#### **11. Appointment of assistant or deputy secretary**

The directors may appoint any person to be an assistant or deputy secretary of the company. Anything authorised or required by these articles or by law to be done by or to the secretary may be done by or to any such assistant or deputy secretary. Any assistant or deputy secretary so appointed may be removed by the directors.

#### **12. Restrictions where director and secretary are one and the same**

Where the Companies Acts or these articles require or authorise something to be done by or to a director and the secretary, it must not be done by or to one person acting both as director and as, or in place of, the secretary.

#### **13. Formalities concerning use of the seal**

The directors must provide for the safe custody of the seal. The seal must only be used by the authority of the directors or of a committee appointed and

authorised by the directors. Every instrument to which the seal is affixed must be signed by one director whose signature must be attested in the presence of a witness or by one director and the secretary or some other person appointed by the directors for the purpose or by 2 directors. As regards any certificates for shares or other securities of the company the directors may by resolution determine that the signatures referred to in this article shall be dispensed with or fixed by some mechanical or other method or system of applying facsimile signatures.

#### **14. Members' reserve power**

- (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action, and the directors shall comply with any such direction.
- (2) The directors shall observe and comply with the terms of any MOU and, where an MOU requires the company to refrain from taking any specified action without the consent of, or only after consultation with, the other party or parties to the MOU, the directors shall procure that no such action is taken without such or consultation (as the case may be).
- (3) No such special resolution or MOU invalidates anything which the directors have done before the passing of the resolution or agreement to the MOU.

#### **15. 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.

#### **16. 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.

## **DECISION-MAKING BY DIRECTORS**

### **17. 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.

### **18. 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 in writing to that effect to the company not more than seven days after the date on which the meeting is held. Where such waiver is given after the meeting has been held, and provided that it is given, failure to give notice of the meeting to that director does not affect the validity of the meeting, or of any business conducted at it.

### **19. 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 other participants 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.

## **20. Quorum for directors' meeting**

- (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 it must never be less than two, and unless otherwise fixed it is two.

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

- (1) This article applies where the total number of directors for the time being 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.

## **22. 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 chair.
- (3) The directors may appoint other directors as deputy or assistant chair to chair directors' meetings in the chair's absence.

- (4) The directors may terminate the appointment of the chair, deputy or assistant chair at any time.
- (5) If neither the chair nor any director appointed generally to chair directors' meetings in the chair's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

**23. 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 director participating in a directors' meeting has one vote.
- (3) Subject to the articles, if a director has an interest in an actual or proposed transaction or arrangement with the company:
  - (a) that director and that director's alternate may not vote on any proposal relating to it, but
  - (b) this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

**24. Chair's casting vote at directors' meetings**

- (1) If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the chair or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

**25. Alternates voting at directors' meeting**

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

- (a) not participating in a directors' meeting, and
- (b) would have been entitled to vote if they were participating in it.

**26. Conflicts of interest**

- (1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in that



meeting, or part of a meeting, for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.

(3) This paragraph applies when:

- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting;
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes:

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) Subject to paragraph (6), 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 or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.

(6) If any question as to the right to participate at the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## **27. 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
  - (a) 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 in good faith.

## **28. Adoption of directors' written resolutions**

- (1) A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it or, have provided their vote of approval via e-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.

## **29. 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.

## **APPOINTMENT OF DIRECTORS**

### **30. 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, or
- (b) by written notice signed by the holder or holders of a majority of the shares for the time being in issue and delivered to the registered office or tabled at a meeting of the directors; or
- (c) by a decision of the directors.

### **31. Vacation of office of a director**

(1) A director will automatically cease to hold office as a director if:

- (a) he is prohibited by law from being or acting as a director or if he ceases to be a director by virtue of any provision of the Companies Acts; or
- (b) he resigns in writing, being entitled by the terms of his appointment to do so and having given to the company such period of notice of his ceasing to hold office as is required by the terms of his appointment (or such shorter period of notice as the directors may approve), and his resignation is left at the registered office or delivered to a meeting of the directors or to the secretary or if he offers in writing to resign and the directors resolve to accept his resignation; either immediately or on such later date as the directors may approve; or
- (c) he becomes bankrupt or applies for an interim order pursuant to section 253 of the Insolvency Act 1986 or enters into any voluntary arrangement within the definition contained in that section or has an interim receiver appointed under section 286 of that Act of all or any part of his property; or
- (d) he is admitted to hospital as a result of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
- (e) a court claiming jurisdiction in matters concerning mental disorder makes an order for his detention or for the appointment of a guardian or for the appointment of a

receiver, curator bonis or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

- (f) he is absent from meetings of the directors for 6 successive months without permission from the directors and his alternate director (if any) has not during such period attended in his place and the directors have resolved that his office be vacated; or
- (g) he is removed from office under the Companies Act 2006 or in accordance with article 32; or
- (h) he is required by article 31(2) to resign his office at the conclusion of an annual general meeting and is not re-appointed at that meeting; or
- (i) he is removed from office by notice in writing served upon him and authenticated by all of the other directors; or
- (j) he holds any executive office or employment with the company and that office or employment with the company is terminated for any reason or expires and the directors resolve that his office be vacated; or
- (k) his conduct (whether or not concerning the affairs of the company) is the subject of an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Office and the directors resolve that it is undesirable in the interests of the company that he remains a director; or
- (l) he is convicted of an indictable offence and the directors resolve that it is undesirable in the interests of the company that he remains a director.

(2) At each annual general meeting of the company, except as provided in article 31(3), each of the directors who, at the date of the meeting, has or will have by 30 June in the year in which the meeting is held, held office for a period of 3 years or more from the date of his or her appointment (or re-appointment under this article 31(2)), shall resign automatically as a director but may make himself or herself available for re-appointment at the meeting by the members. If such director is not re-appointed at the meeting, he or she shall cease to hold office at the conclusion of the meeting.

(3) Article 31(2) shall not apply to directors holding executive office (for which purpose the office of chair shall be deemed not to be an executive office) or to directors directly appointed by the holder or holders of a majority of the shares for the time being in issue under article 30(b).

### **32. Removal of directors by special resolution or written notice**

- (1) In addition to the powers conferred on members by section 168 of the Companies Act 2006 to remove any director from office, an director may at any time be removed from office by special resolution or written notice signed by the holder or holders of a majority of the shares for the time being in issue and delivered to the registered office or tabled at a meeting of the directors, such removal to take effect on the date of such resolution or notice or on such later date as may be specified in the resolution or notice.
- (2) The right to remove a director may be exercised notwithstanding any agreement between the company and the director, but will not affect any claim the director may have for damages for breach of such agreement.

### **33. Directors' remuneration**

- (1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine:
  - (a) for their services to the company as directors, and
  - (a) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may:
  - (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

### **34. Directors' expenses**

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

- (a) meetings of directors or committees of directors, or

- (b) general meetings.

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

### **ALTERNATE DIRECTORS**

#### **35. 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, 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.

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

(1) An alternate director 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.

(3) A person who is an alternate director but not a director:

- (a) may be counted as participating in a meeting for the purposes of determining whether a quorum is participating

(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 to the company.

### **37. 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;
- (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; or
- (d) when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires at an annual general meeting and is then re-appointed as a director at the same annual general meeting.

## **PART 3**

### **DECISION-MAKING BY MEMBERS**

#### **ORGANISATION OF GENERAL MEETINGS**

### **38. Annual General Meetings**

An annual general meeting or any general meeting at which it is proposed to pass a resolution of which special notice has been given to the company, shall be called by at least 21 clear days' notice in writing.

### **39. Members can call general meeting if not enough directors**

If:

- (a) the company has fewer than two directors, and
- (b) the remaining director (if any) is 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 may call a general meeting (or instruct the company secretary to do so) for the purpose of appointing one or more directors.

#### **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 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 chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. Two members present in person or by proxy or through a representative appointed in accordance with section 323 of the Companies Act 2006 shall constitute a quorum.

#### **42. Chairing general meetings**

- (1) If the directors have appointed a chair, the chair shall chair general meetings



if present and willing to do so.

(2) If the directors have not appointed a chair, or if the chair 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 to chair the meeting, and the appointment of the chair 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 chair 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 chair 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 chair of the meeting must adjourn it.

(2) The chair 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 chair 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 chair of the meeting must adjourn a general meeting if directed to do so

by the meeting.

- (4) When adjourning a general meeting, the chair 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.

#### **45. Security**

- (1) In their absolute discretion and notwithstanding anything in the notice of general meeting the directors may, in respect of members or their proxies or their corporate representatives who wish to attend any general meeting:
- (a) direct that the members or proxies or representatives submit to searches;
  - (b) direct that the members or proxies or representatives comply with any security arrangements or restrictions imposed by the directors;
  - (c) arrange for members or proxies or representatives to attend and participate simultaneously in the meeting at places other than the one specified in the notice of meeting as the place where the meeting will take place ("Principal Place");
  - (d) fix the level of attendance at the Principal Place and any other places provided that if members or proxies or representatives are excluded from the Principal Place they are able to attend the meeting at one of the other places.

For the purpose of these articles any such meeting will be treated as being held at the Principal Place; and

- (e) make arrangements for the issue of tickets or impose a random means of selection or by any other means they think appropriate, to facilitate the organisation and administration of a general meeting. The directors may vary these arrangements or make new arrangements in their place.

- (2) The rights of members or proxies or representatives to attend a meeting at the Principal Place is subject to any arrangements in force, whether contained in the notice of that meeting and said to apply to that meeting, or notified to the members after the notice of meeting has been provided.

### **VOTING AT GENERAL MEETINGS**

#### **46. 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.

#### **47. 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 chair of the meeting whose decision is final.

#### **48. 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 chair of the meeting;
  - (b) the directors;

- (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 chair of the meeting consents to the withdrawal.

#### **49. Procedure on a poll**

- (1) Subject to the articles, polls at general meetings must be taken when, where and in such manner as the chair of the meeting directs.
- (2) The chair 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 chair 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.

#### **50. 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 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.

## **51. Delivery of proxy notices**

- (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), 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), or
  - (b) at the meeting at which the poll was demanded to the chair, 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.

## **52. Amendments to resolutions**

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
  - (e) 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 chair of the meeting may determine), and
  - (f) the proposed amendment does not, in the reasonable opinion of the chair 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 chair 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 chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair error does not invalidate the vote on that resolution.

## **RESTRICTIONS ON MEMBERS' RIGHTS**

### **53. No voting of shares on which money owed to company**

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid.

## **PART 4**

### **SHARES AND DISTRIBUTIONS**

#### **ISSUE OF SHARES**

### **54. Power to allot shares**

- (1) The company may at any time pass an ordinary resolution in accordance with section 551 of the Companies Act 2006 which authorises the directors to allot shares in the company or grant rights to subscribe for or to convert any security into such shares, and, upon the passing of the ordinary resolution, the directors shall (subject to the terms of the resolution) be generally and unconditionally authorised to exercise all the powers of the company to allot shares or grant rights to subscribe for or to convert any security into such shares provided that:
- (a) the maximum amount of shares that may be allotted under such authority shall be the amount specified in the ordinary resolution; and
  - (b) any such authority shall, unless it is (prior to its expiry) revoked, varied or renewed, expire either on the date immediately prior to the fifth anniversary of the date on which the ordinary resolution is passed or on such earlier date specified in the ordinary resolution. The company shall be entitled, before the authority expires, to make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry.

## **55. Exclusion of pre-emption rights**

(1) Subject to the provisions of this article, where the directors have been given general authority to allot shares under article 54, the company may pass a special resolution authorising the directors to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to that authority for cash. Upon the passing of the special resolution the directors shall be authorised to allot such equity securities for cash as if section 561(1) of the Companies Act 2006 did not apply to the allotment, provided that the power shall be limited to:

- (a) allotments made for the purpose of, or in connection with, an offer (by any person) of equity securities to the holders of the issued ordinary shares in the capital of the company (excluding any shares held as treasury shares), where the securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by such holders. Such allotments may be made subject to such exclusions or other arrangements as the directors consider appropriate, necessary or expedient to deal with any fractional entitlements or with any legal or practical difficulties arising under the laws of any territory or the requirements of any regulatory body or recognised investment exchange or otherwise; and
- (b) allotment (otherwise than pursuant to article 55(1)(a)) of equity securities having an aggregate nominal value not exceeding the sum specified in the special resolution. If no sum is specified, the special resolution shall be ineffective for the purposes of this article 55(1)(b).

(2) The power to allot equity securities in accordance with this article shall expire on the date specified in the special resolution save that the company will be entitled, before the date of expiry, to make an offer or agreement that would or might require equity securities to be allotted after such expiry.

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

(1) Subject to the provisions of the Companies Act, 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**

#### **57. 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 required to recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

### **SHARE CERTIFICATES**

#### **58. Certificates to be issued except in certain cases**

- (1) The company must issue each member with one or more certificates in respect of the shares which that member holds.
- (2) This article does not apply to:
  - (a) uncertificated shares; and
  - (b) shares in respect of which the Companies Acts permit the company not to issue a certificate.
- (3) Except as otherwise specified in the articles, all certificates must be issued free of charge.
- (4) If more than one person holds a share, only one certificate may be issued in respect of it.

#### **59. 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"), or

- (b) be otherwise executed in accordance with the Companies Acts.

## **60. Consolidated share certificates**

(1) When a member's holding of shares increases, the company may issue that member with:

- (a) a single, consolidated certificate in respect of all the shares 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 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:

- (c) the member's separate certificates with a consolidated certificate, or
- (d) 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.

## **61. Replacement share certificates**

(1) If a certificate issued in respect of a member's share 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.

### **SHARES NOT HELD IN CERTIFICATED FORM**

## **62. Uncertificated shares**

(1) In this article, "the relevant rules" means:

- (a) any applicable provision of the Companies Acts about the holding, evidencing of title to, or transfer of shares other than in certificated form, and
- (b) any applicable legislation, rules or other arrangements made under or by virtue of such provision.

(2) The provisions of this article have effect subject to the relevant rules.

(3) Any provision of the articles which is inconsistent with the relevant rules must be disregarded, to the extent that it is inconsistent, whenever the relevant rules apply.

(4) Any share of the company may be issued or held on such terms, or in such a way, that:

- (a) title to it or them is not, or must not be, evidenced by a certificate, or
- (a) it or they may or must be transferred wholly or partly without a certificate.
- (b) The directors have power to take such steps as they think

fit in relation to:

- (c) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares);
- (d) any records relating to the holding of uncertificated shares;
- (e) the conversion of certificated shares into uncertificated shares; or
- (f) the conversion of uncertificated shares into certificated shares.

(5) The company may by notice to the holder of a share require that share:

- (g) if it is uncertificated, to be converted into certificated form, and
- (h) if it is certificated, to be converted into uncertificated form,

to enable it to be dealt with in accordance with the articles.

(6) If:

- (i) the articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares, and
- (j) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument

the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.

(7) In particular, the directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re- allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

(8) Unless the directors otherwise determine, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form.

## **PARTLY PAID SHARES**

### **63. Company's lien over partly paid shares**

(1) The company has a lien ("the company's lien") over every share which is nil or 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.

#### **64. 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; and
  - (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.

## **65. 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 that 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 it 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.

## **66. 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.

## **67. 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 of payment of such 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 forfeiture.

#### **68. 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 the directors may issue a notice of intended forfeiture to that person.
- (2) For the purposes of this article 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.

#### **69. Notice of intended forfeiture**

A notice of intended forfeiture:

- (d) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (e) 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;
- (f) must require payment of the call by a date which is not less than 14 days after the date of the notice;
- (g) must state how the payment is to be made; and
- (h) 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.

#### **70. 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.



## **71. 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 on such other terms as they think fit.

## **72. 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 the company is not required to account for any money earned on them.

### **73. 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 of a share is the same as the effect of forfeiture of 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**

### **74. Transfers of certificated shares**

- (1) Certificated 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 nil or 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 certificated 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 certificated 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, together with an indemnity in respect of any lost or missing certificate; or
  - (d) 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 the directors suspect that the proposed transfer may be fraudulent.

### **75. Transfer of uncertificated shares**

A transfer of an uncertificated share must not be registered if it is in favour of more than four transferees.

### **76. 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.

#### **77. 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.

#### **78. 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 share is a certificated share and a transmittee wishes to have it transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) If the share is an uncertificated share and the transmittee wishes to have it transferred to another person, the transmittee must:
  - (a) procure that all appropriate instructions are given to effect the transfer; or
  - (b) procure that the uncertificated share is changed into certificated form and then execute an instrument of transfer in respect of it.
- (4) 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.

#### **79. Transmittees bound by prior notices**

If a notice is given to a member in respect of shares and a transmittee is entitled

to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members.

## **CONSOLIDATION OF SHARES**

### **80. 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) in the case of a certificated share, 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**

### **81. 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 member's 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) 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.

## **82. 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.

## **83. 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.

#### **84. Share premium account**

Subject to the provisions of and save as provided by the Companies Acts, if the company issues shares at a premium, whether for cash or otherwise, the directors must transfer a sum equal to the aggregate amount or value of the premiums to an account to be called the share premium account and any amount for the time being standing to the credit of such account shall not be applied in the payment of dividends.

#### **85. Profit sharing accounts**

- (1) No dividend shall be declared in circumstances where there is a shortfall in satisfying the claims of the holders of profit sharing accounts, unless the directors are satisfied that such shortfall will have been fully removed prior to payment of any dividend declared by the company.
- (2) In the event that there is such a shortfall, the directors shall first, and before reverting to company funds, utilise any funds available in the profit stabilisation reserve to satisfy any shortfall in the principal amount, and not the profit, of any profit sharing account. Although utilising company funds to make good any principal loss of any profit sharing account holder will not be in accordance with Islamic principles governing these accounts, the Sharia Supervisory Committee has allowed this condition to comply with current banking regulations until such time that these regulations are amended, or the company given an exemption by the regulatory authorities.

#### **86. 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.

#### **87. No interest on distributions**

The company will not pay interest on any dividend or other sum payable in respect of a share.

#### **88. 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 to 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. Any such sum may, at the discretion of the directors, be distributed to an organisation which is an approved charity for the purposes of the law of England and Wales, Scotland or



Northern Ireland.

**89. 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) If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the company which are issued as a non-cash distribution in respect of them must be uncertificated.
- (3) 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.

**90. 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:

- (c) the share has more than one holder, or
- (d) 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**

**91. 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 the payment of any distribution, 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:

- (c) in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

(5) Subject to the articles the directors may:

- (d) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (e) make such arrangements as they think fit to deal with shares becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
- (f) 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 to them under this article.

## **PART 5**

### **MISCELLANEOUS PROVISIONS**

#### **COMMUNICATIONS**

#### **92. Notices and documents**

(1) Subject to the provisions of the statutes, and provided that the company has complied with all applicable regulatory requirements any notice or document

may be served on, or delivered to, any member by the company:

- (a) personally; or
- (b) by post addressed to the member at that member's registered office in the United Kingdom, or (if that member has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by that member to the company as the member's address for the service of notices or documents; or
- (c) in electronic form; or
- (d) by making such notice or document available on a website.

If a notice of other document is sent by post, it shall be deemed to be served or delivered 24 hours after posting as first class post or 48 hours after posting as second-class post. In providing service or delivery it shall be sufficient to prove that the cover containing the notice or document was properly addressed, stamped and posted.

- (2) Any notice or document sent in electronic form shall be deemed to be served or delivered 48 hours after it was sent. Proof that a notice or other document sent in electronic form was sent in accordance with guidance issued by The Chartered Governance Institute (or its successor body or name) shall be conclusive evidence that notice was given.
- (3) Any notice or document served or delivered by making it available on a website, shall be deemed to be served or delivered when it is first made available on the website or, if later, when the member received or was deemed to have received notice of the fact that the document or notice was available on the website.

### **93. Documents sent by the company in electronic form**

- (1) Subject to any requirement of the statutes and provided that the company has complied with all applicable regulatory requirements, the company may send any documents or notices to its members in electronic form and such documents or notices will be validly sent provided that:
  - (a) the member has agreed (generally or specifically) (or in the case of a company is deemed to have agreed by a provision in the statutes) that documents or notices can be sent in electronic form;
  - (b) the documents are documents to which the agreement applies; and
  - (c) copies of the documents are sent in electronic form to the

address notified by the member to the company for that purpose.

**94. Documents communicated by the company by means of a website**

- (1) Subject to any requirement of the statutes and provided that the company has complied with all applicable regulatory requirements, the company may send documents or notices to its members by means of a website.
- (2) Documents must be available on the website for a period of not less than 28 days from the date of notification unless the statutes make provision for any other time period.
- (3) If the documents are published on the website for a part only of the period of time referred to in article 94(2), they will be treated as being published throughout the period if the failure to publish throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the company to prevent or avoid.

**95. Failure to notify contact details**

- (1) If:
  - (a) the company sends two consecutive documents to a member over a period of at least 12 months, and
  - (b) each of those documents is returned undelivered, or the company receives notification that it has not been delivered,

that member ceases to be entitled to receive notices from the company.

- (2) A member who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company:
  - (a) a new address to be recorded in the register of members, or
  - (b) if the member has agreed that the company should use a means of communication other than sending things to such an address, the information that the company needs to use that means of communication effectively.

**ADMINISTRATIVE ARRANGEMENTS**

**96. Location of registered office**

The registered office shall be at such place in England as the directors shall from time to time decide.

## **97. Company seals**

- (1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal 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.

## **98. 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; and
  - (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.
- (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.

## **99. 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.

### **DIRECTORS' INDEMNITY AND INSURANCE**

## **100. Indemnity**

- (1) Subject to paragraph (2), 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 2006); and
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article:

- (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.

## **101. 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:

- (a) a "relevant director" means any director or former director of the company or an associated company;
- (b) 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; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## **WINDING UP**

## **102. Profit sharing accounts and profit stabilisation reserve**

If the company is wound up:

- (d) members shall not receive assets from the company until all claims by holders of profit sharing accounts are satisfied;

and

- (e) any money in the profit stabilisation reserve shall be paid to charity in accordance with Sharia Supervisory Committee rulings.