

# **LBMA MEMORANDUM**

## AND ARTICLES FOR ASSOCIATION

Company No: 02205480

## THE COMPANIES ACT 2006

### A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

### ARTICLES OF ASSOCIATION OF THE LONDON BULLION MARKET ASSOCIATION

(as amended by Special Resolutions passed on  
31<sup>st</sup> March 1993, 29<sup>th</sup> February 2000, 11<sup>th</sup> June  
2009, 20<sup>th</sup> June 2012, 29<sup>th</sup> June 2016 and 13<sup>th</sup>  
October 2020)

## GENERAL

1. In these presents the words set out in the first column of the Table below shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:

The Act	The Companies Act 2006;
Affiliate Members	Means an organisation appointed as an Affiliate Member of the Association in accordance with the requirements of these Articles and any Rules in force from time to time;
The Association	The above-named company;
The Board	The board of directors of the Association;
Business Day	Any day on which the London gold market or the London silver market or the London platinum market or the London palladium market, as appropriate, is open for business;
The Chairman and the Vice Chairman	The chairman and the vice chairman for the time being of the Association respectively;
Clear days	In relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

The Chief Executive	The senior permanent employee of the Association, as appointed from time to time who is <i>ex officio</i> a member of the Board;
Clearing Members	Market Making Members that also provide generally the service of clearing gold, silver, platinum and/or palladium;
The Code	The UK Corporate Governance Code issued by the Financial Reporting Council (or any relevant entity which may replace it in such function in the future), the most recent version of which was issued in 2018;
Full Member	Means an organisation appointed as a Full Member of the Association in accordance with the requirements of these Articles and any Rules in force from time to time;
Market Maker	A person, company or organisation which represents itself as consistently willing to quote prices and enter into transactions, as principal, for the purchase and sale of gold and/or silver for spot or for forward settlement or of options on gold and/or silver, in the London gold and silver market, at prices determined by it generally throughout recognised working hours each Business Day;
Market Making Member	Shall have the meaning given to it in Article 5(a);
Member	The voting members of the Association as defined in Article 4;
Month	Calendar month;
The Office	The registered office of the Association;
Non-Executive Director	Shall mean a non-executive member of the Board appointed in accordance with Article 37 who shall be (in the Board's determination) independent in character and judgement with no current or prior relationships or circumstances which would be likely to, or could appear to, affect their judgement;
These presents	These Articles of Association as amended from time to time;
Proxy	A person authorised to attend and vote in the place of a Member in accordance with Section 324 of the Act;
Representative	A representative of a Member appointed in accordance with Section 323 of the Act;
The Rules	The Rules (if any) of the Association made by the Association pursuant to these presents;

The seal	The common seal of the Association;
The Secretary	The secretary for the time being of the Association;
Standing Committee	A permanent sub-committee of the Board with specific terms of reference and powers established by the Board;
The Statutes	The Act and every other act of Parliament for the time being in force concerning companies in the Association;
The United Kingdom	Great Britain and Northern Ireland;
In writing	Written, printed or lithographed, or partly one and partly another, and other modes of representing or producing words in a visible and non-transitory form.

Unless the context otherwise requires:

- (a) words importing the singular number only shall include the plural number and vice-versa;
- (b) words importing the masculine gender only shall include the feminine gender;
- (c) words importing persons shall include corporations;
- (d) a reference to writing or written includes faxes and email; and
- (e) references to senior employees or directors of a Member shall be deemed to include senior employees and directors of a wholly owned subsidiary of that Member.

Subject as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meanings in these presents.

## MEMBERS

2. The Association shall admit to membership an organisation which:
  - (a) applies to the Association using the application process approved by the Board;
  - (b) meets the criteria for membership set out in the Rules; and
  - (c) is approved for membership by the Board.
3. The Board may in its absolute discretion decline to accept any application for membership and need not give reasons for doing so. The Board shall have absolute discretion to determine, for the purposes of these presents, whether any person fulfils, at any time, the criteria for membership as set out in these presents or in the Rules and shall not be bound to assign any reason for its decision.
4. The Members of the Association are the subscribers to the Memorandum of Association and such other persons as the Board shall admit to membership in accordance with these presents.

## MEMBERSHIP CLASSIFICATION

5. Membership of the Association is divided into three classes:
  - (a) Market Making Members – Members which, at the time of admission to membership or, following re-classification under Article 7, are Market Makers;
  - (b) Full Members – Members (other than a person falling within Article 5(a) and 5(c)) which, at the time of admission to membership or, following re- classification under Article 7, are actively engaged in the London gold market, the London silver market, the London platinum market and/or the London palladium market; and
  - (c) Affiliate Members – Members which are engaged in the London Bullion Market but are not eligible for membership as a Full Member and meet the requirements of Affiliate Members asset out in the Rules.
6. The qualification for, and the rights and obligations of, each membership shall be set out in the Rules. The Board may from time to time publish other conditions of membership by way of circular to all Members, or in the Rules as the Board thinks appropriate.
7. The Board may, at any time, in its discretion, re-classify an Affiliate Member as a Full Member, and vice versa. The Board may also, at any time, in its discretion, re-classify a Market Making Member as a Full Member and vice versa.
8. The rights attached to a class of voting membership may only be varied if:
  - (a) three-quarters of the Members of that class consent in writing to the variation; or
  - (b) a special resolution is passed at a separate general meeting of the Members of that class agreeing to the variation.
9. The Board may, at any time, establish different classes of non-voting members with different rights and obligations, and may vary the rights and obligations of such non-voting members at any time.
10. Membership of the Association and all rights in relation there to shall be personal to the Member and not transferable.

## TERMINATING MEMBERSHIP

11. A Member may at any time resign its membership of the Association by giving notice in writing to the Association at any time and shall thereupon cease to be a Member.
12. In the event that:
  - (a) a Member of the Association ceases carrying on business, is adjudicated bankrupt or makes any scheme, arrangement or composition with its creditors generally or an administration order is made in respect of any Member or a resolution is passed or an order made for the winding up or dissolution of any Member or if a Member dies or if an award of sequestration is made against any Member; or
  - (b) any analogous event (to those specified in paragraph (a) above) occurs under the law of a country outside the United Kingdom; or
  - (c) a Member's annual subscription has not been paid for a period of six months from the date it is deemed to have received the subscription invoice from the Association;the membership shall automatically cease.
13. The Board may terminate the membership of any Member without its consent by giving the Member written notice if, in the reasonable opinion of the Board, the Member:
  - (a) fails to comply with the terms of these Articles or the Rules; or
  - (b) commits a serious disciplinary offence under the rules of any relevant regulatory body; or
  - (c) brings the Association into disrepute;

and the Board resolves that as a result of the breach or offence, the Member's continuing membership of the Association would bring the Association into disrepute, the Member shall cease to be a Member from the date of the Board's resolution.

14. Subject to the provisions of the Act, any Member may be removed from membership of the Association by a resolution of the Members in a General Meeting passed by a majority of at least three-fourths of the Members of the Association present and voting at a General Meeting of which not less than 28 Clear days' previous notice specifying the intention to propose such resolution shall have been sent to the Member whose removal is in question and to all the Members of the Association. Notice of the general nature of the grounds on which such resolution is proposed shall be sent to the Member whose removal is in question at least 14 Clear days before the meeting and the Member shall be entitled to be heard by the Members at the meeting.
15. Each Member of the Association shall be under an obligation promptly (after becoming aware of the same) to notify the Association, by notice in writing addressed to the Secretary and left at or sent to the Office, of any material change, including but not limited to, a change of name, ownership, majority shareholding or material governance change, and in particular where any person becomes or ceases to be, or proposes to become or cease to be, a controller (within the meaning of Section 422 of the Financial Services and Markets Act 2000) of a Member regulated under the Financial Services Act 2010 (or any successor legislation). Such notice shall contain particulars of the relevant matters in reasonable detail. The Board reserves the right to remove a Member from the Association should any change notified under this Article mean the Member no longer complies with the Rules.

### **GENERAL MEETINGS**

16. The Association shall hold a General Meeting in every calendar year as its Annual General Meeting at such time and place as may be determined by the Board, and shall specify the meeting as such in the notice calling it, provided that every Annual General Meeting except the first shall be held not more than 15 months after the holding of the last preceding Annual General Meeting and that so long as the Association holds its first Annual General Meeting within 18 months after its incorporation it need not hold it in the year of its incorporation or in the following year.
17. All General Meetings, other than Annual General Meetings, shall be called General Meetings.
18. The Board may convene General Meetings and, on the requisition of Members pursuant to the provisions of the Statutes, shall forthwith proceed to convene a General Meeting for a date not later than eight weeks after receipt of the requisition.

### **NOTICE OF GENERAL MEETINGS**

19. Save for meetings called pursuant to Article 14 Annual General Meetings and General Meetings shall be called by at least 14 clear days' notice but may be called by shorter notice if it is so agreed:

- (a) in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 90 per cent of the total voting rights at the Meeting of all the Members.

Subject to the Act, the notice shall specify the time, date and place of the meeting, and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the meeting as such.

- 20. The accidental omission to give notice of a meeting to, or the non-receipt of such notice by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **PROCEEDINGS AT GENERAL MEETINGS**

- 21. No business shall be transacted at any General Meeting unless a quorum is present. Save as herein otherwise provided, eight Members of whom at least five are Market Making Members (or, if the number of Members of the Association is less than eight, then all the Members), present in person shall be a quorum. A Member shall be deemed present in person if present by a Representative or Proxy. For the purposes of this Article, 'present' shall include being present in person or by any electronic facility agreed by the Board from time to time in which a participant or participants may communicate with all other participants.
- 22. If within half an hour from the time appointed for the holding of a General Meeting a quorum is not present, the Meeting, if convened on the requisition of the Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or such other day, time and/or place as the Board may determine, and if at the adjourned Meeting a quorum is not present within half an hour from the time appointed for the Meeting the Members present shall be a quorum.
- 23. The Chairman of the Board shall preside as chairman at every General Meeting, but if there be no such Chairman, or if at any meeting the Chairman shall not be present within 15 minutes after the time appointed for the holding of the same, or shall be unwilling to preside, the Vice Chairman shall preside but if there be no such Vice Chairman, or if at any meeting the Vice Chairman shall not be present within 15 minutes after the time appointed for holding the same, or shall be unwilling to preside, the Members of the Association present shall choose the Chief Executive, failing whom, some other member of the Board to preside, or if no such member be present, or if all the members of the Board present decline to take the chair, they shall choose some Member of the Association (or the Representative of some Member) who shall be present to preside. A member of the Board shall, notwithstanding that they are not a Member of the Association, be entitled to attend and speak at any General Meeting and at any separate meeting of any class of Members of the Company. Notwithstanding Article 5(c) Affiliate Members shall be entitled to attend and speak at General Meetings and Annual General Meetings.



24. The chairman of a meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given in the same manner as of an original meeting. Save as aforesaid, the Members shall not be entitled to any notice of an adjournment, or of the business to be transacted at an adjourned meeting.
25. A resolution put to the vote of a meeting shall be decided on a show of hands, or such other electronic voting means as decided by the Board from time to time, unless before, or on the declaration of the result of such a vote, a poll is demanded by the chairman of the meeting or by five Members having the right to vote at the meeting or by a Member or Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution. The demand for a poll may, before the poll is taken, be withdrawn and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. No poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.
26. If a poll be demanded in manner aforesaid, it shall be taken at such time and place, and in such manner, as the chairman of the meeting shall direct and s/he may appoint scrutineers (who need not be Members) to fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
27. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a casting vote in addition to any other vote s/he may have.
28. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question of which a poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
29. Subject to the provisions of the Statutes a resolution in writing signed by a simple majority (or in the case of a special resolution by a majority of not less than three-fourths) of the

Members for the time being entitled to receive notice of and to attend and vote on the matter had it been proposed at a General Meeting (which resolution may consist of several documents in the like form signed by or on behalf of one or more of the said Members) or a resolution to which such Members have signified their approval in writing (which resolution may consist of several documents in the like form each bearing the aforesaid approval of one or more of the said Members) shall be valid and effective as if the same had been passed at a General Meeting of the Association duly convened and held. To be valid the proposed written resolution must have been sent to every eligible Member and the requisite number of responses must have been received at the registered office of the Association within 28 days of the circulation date.

### **VOTES OF MEMBERS**

30. Subject to Articles 31 and 32 every:

- (a) Affiliate Member present shall have one vote;
- (b) Market Making Member present shall have three votes; and
- (c) Full Member present shall have three votes,

whether on a show of hands or on a poll or such other electronic voting means as decided by the Board from time to time.

31. A corporation may vote, both on a show of hands and on a poll or such other electronic voting means as decided by the Board from time to time, by its duly authorised Representative or Proxy.

32. No Member shall be entitled to vote at any General Meeting unless the Member shall have paid every subscription and other sum (if any) which shall be due and payable to the Association in respect of its membership.

### **NUMBERS, APPOINTMENT AND RETIREMENT OF MEMBERS OF THE BOARD**

33. In the event that the number of Members of the Association is nine or more, the Board shall have a maximum of 12 members, consisting of:

- (a) six elected or co-opted member representatives, comprising of:
  - (i) pursuant to Article 41(b), three Market Making Members, where possible with one such member representing Clearing Members;
  - (ii) three Full Members;
- (b) up to three Non-Executive Directors; and
- (c) up to three *ex-officio* members, being the Chief Executive, and up to two senior employees of the Association nominated by the Chief Executive.

34. In respect of the Board members referred to in Article 33 (a), a person shall not be eligible to be elected or co-opted as a member representative of the Board unless s/he is a senior

employee or director of a corporate Member of the Association. The Board will not have more than one member representing the same Member of the Association. A certificate signed by or on behalf of a Member that a person is a senior employee of such Member shall (in the absence of manifest error) be conclusive for the purposes of these presents.

35. The Board may, subject to Article 33, from time to time and at any time co-opt any person satisfying the requirements of Article 34 as a member of the Board, to fill a vacancy of the Board. Any member so co-opted shall retain his/her office only until the next Annual General Meeting, but s/he shall then be eligible for re-election in accordance with Article 44.
36. Subject to Articles 33 and 49, the elected member representatives of the Board other than at a General Meeting of the Members shall each hold their office until the first General Meeting following their election when their appointment shall be subject to ratification by ordinary resolution of the Members. All directors who are elected member representatives under Article 33 (a) shall hold their office for a term of two years (from first such ratification) at a General Meeting and shall be eligible for re-election in accordance with Article 44 at the General or Annual General Meeting preceding the second anniversary of their appointment.
37. Subject to Article 49, the Non-Executive Directors shall be appointed by the Board for a term of up to three years. A Selection Working Group, consisting of four members of the Board, two of whom must be elected member representatives, pursuant to Article 33 (a), will be established to select and recommend to the Board the new Non-Executive Director Chairman, as well as the additional Non-Executive Directors. The Board will ratify the recommendation by a majority vote. In appointing each Non-Executive Director, the Board shall ensure, as far as possible, the independence of that Non-Executive Director, having regard to the Code's guidance and shall ensure that the Non-Executive Directors have the appropriate balance of skills, experience, independence and knowledge of the Association and its industry to enable them to discharge their duties and responsibilities effectively.
38. The Association at each Annual General Meeting may fill the vacated offices of the Board referred to in Article 33 (a) by electing persons thereto who satisfy the requirements of Articles 33 and 34. Such elections shall be carried out pursuant to Articles 39 to 47 inclusive.
39. Subject to Article 41 (c), not less than 21 days prior to the date of the relevant Annual General Meeting the Board shall in writing invite each Member of the Association to nominate persons to fill any vacancies in each of the categories specified in Article 33 (a). All such nominations must be submitted to the Board not less than ten days prior to the date of the relevant Annual General Meeting. A list of nominations received will be distributed to each Member not less than seven days prior to the date of the relevant Annual General Meeting.
40. Subject to Article 41(c), a nomination of a person for election as a Board member specified in Article 33(a) shall be made on such form as the Board requires, shall give the name of the proposed Board member (who must be eligible under Articles 33 and 34) (and be signed by such person to indicate his/her consent to accept office if elected), state the name of the Member s/he represents and shall be signed by a proposer and seconder (each of whom shall be a director or senior employee of a corporate Member of the Association and each of whom shall represent a different Member from the other and from the person nominated).

The proposer and seconder shall each indicate on the form the Member s/he represents. Such form shall be delivered to the Office not less than ten days prior to the relevant Annual General Meeting. More than one person from each Member of the Association may be nominated to be a Board member but not more than one person from each Member may be elected.

41.

- (a) If the number of candidates (disregarding any nominations referred to in the proviso to this paragraph (a)) duly nominated for election as members of the Board under Article 33(a) does not exceed the Relevant Number (as defined in Article 46 ) for each such category, the persons so nominated shall be deemed to be elected at the Annual General Meeting in respect of that category provided that if more than one person from any Member would be so elected the Members shall vote on which person shall be elected and only the person with the highest number of votes shall be elected. If there is a tied vote the Member whose nomination was received first shall be elected.
- (b) In the event that the number of candidates duly nominated for election to the Board in respect of Clearing Members is less than one the total Relevant Number for Market Making Members will be granted to any directors or senior employees of other Market Making Members that wish to be elected to the Board but have otherwise not been so elected, provided always that the number of Market Making Members appointed to the Board does not exceed three. The proviso in Article 41(a) shall also apply to this Article.
- (c) In the event that the number of candidates duly nominated for election to the Board in respect of Market Making Members and/or Full Members is less than the maximum number(s) stated in Article 33(a)(i) and 33(a)(ii) above, then the Board may, at its discretion, decide to appoint only those persons so nominated or appoint an additional candidate representing the other class of Member, provided that there shall be at least one Board member representing Market Making Members and one representing Full Members.
- (d) An election by ballot for each category in respect of which the number of candidates (as referred to in (a) above) does exceed the Relevant Number in respect of such category shall be held at the Annual General Meeting in such manner as shall be directed by scrutineers (who need not be Members) appointed beforehand by the Board. Subject to Article 30 for the purposes of such ballot, each Member of the Association present in person or by a Representative or Proxy shall be entitled to exercise a number of votes equal to but not more than the Relevant Number for each such category but shall not be entitled to give more than one vote to any one candidate.

Subject as provided below, the Clearing Member (if any) who receives the highest number of votes shall take the first available Market Making Member Board position, the remaining positions shall be given to the candidate who receives the highest number of votes. Such candidates shall thereupon be declared by the Chairman at the Annual General Meeting to be duly elected member representatives of the Board.



42. In the event of an equality of votes for two or more candidates in any category the effect of which is to make it uncertain which would be elected (such candidates being referred to hereafter as the “tied candidates”) the procedure set out in Article 45 will apply.
43. If the above balloting procedures would result in more than one person from any Member being elected or going through to the further balloting procedures all votes cast for all the persons other than the one who received the highest number of votes shall be disregarded (and so that, in the event of an equality of votes, the decision as to which one of such candidates is to be elected or is to go through to the further balloting procedures shall be determined by lot in such manner as the scrutineers shall determine).
44. If the foregoing procedures are not followed or if no candidate is nominated for election as a member of the Board in any particular category, each retiring member of the Board in that category, if willing to act, shall be deemed to have been re-appointed unless it is resolved at the Annual General Meeting that s/he be not so re-appointed.
45. Tied candidates:
  - (a) Subject as provided below, those of the candidates in such category (if any) who received a higher number of votes than the tied candidates shall be declared by the Chairman at the Annual General Meeting to be duly elected member representatives of the Board.
  - (b) To determine which of the tied candidates are to be elected in that category, a further ballot shall be held in such manner as shall be directed by the scrutineers. The tied candidates shall be the only candidates subject to such further ballot and, for the purposes of that ballot, subject to Article 30 each Member of the Association present in person or by a Representative or Proxy shall be entitled to exercise a number of votes equivalent to the number of vacancies still outstanding in that category (the “outstanding vacancies”) but shall not be entitled to give more than one vote to any one tied candidate.
  - (c) If after the further ballot in that category there is still an equality of votes between two or more tied candidates in that category the effect of which is to make uncertain which would be elected, the decision as to which of those candidates are to be elected shall be directed by the scrutineers so that the tied candidate or candidates drawn in such lot shall be deemed for this purpose to have received an additional vote in the further ballot.
  - (d) Subject as provided below, those of the tied candidates who are equivalent in number to the outstanding vacancies in the relevant category who receive the highest number of votes in the further ballot for that category shall thereupon be declared by the Chairman at the Annual General Meeting to be duly elected member representative of the Board.
46. For the purposes of these Articles the “Relevant Number” means a number of candidates

equal to the number of members of each category of elected and co-opted member representatives of the Board as determined pursuant to Article 33. By way of example, in the event that the number of Members is six the “Relevant Number” would:

- (a) for candidates proposing to be elected to the Board on behalf of Market Making Members be three (one of which would be a Clearing Member provided such candidate is proposed);
- (b) for candidates proposing to be elected to the Board on behalf of Full Members be three.

- 47. For the avoidance of doubt, and notwithstanding any other provision of these Articles, no person(s) shall be elected or co-opted as member representative of the Board if their appointment would be contrary to the provisions of Articles 33 and 34.
- 48. Subject to the Statutes the Association may by ordinary resolution, of which special notice has been given in accordance with Section 312 of the Act, remove any member of the Board before the expiration of his/her period of office notwithstanding anything in these Articles or any agreement between the Association and such Board member.

### **DISQUALIFICATION AND REMOVAL OF MEMBERS OF THE BOARD**

- 49. The office of a member of the Board shall be vacated:
  - (a) in respect of a member appointed under Article 33 (a), if s/he ceases to be a director or senior employee of the Member of the Association by virtue of which s/he was eligible to be appointed or elected as a member representative of the Board; or
  - (b) in respect of a member appointed under Article 33 (a), if the Member of the Association by virtue of which s/he was eligible to be appointed or elected; or
  - (c) as a member representative of the Board ceases to be a Member of the category according to which s/he was elected, or ceases entirely to be a Member of the Association; or
  - (d) if by notice in writing to the Secretary s/he resigns his/her office; or
  - (e) if s/he ceases to hold office by virtue of any provision of the Statutes or s/he becomes prohibited by law from being a member of the Board; or
  - (f) if s/he is disqualified in accordance with any rules, regulations or codes in force from time to time and applicable to the Board; or
  - (g) if s/he is removed from office by a resolution of the Board on the basis that in their reasonable opinion, his or her conduct or behaviour is detrimental to the interests of the Association; or

- (h) if s/he has been convicted of any criminal offence, except where the maximum sentence for that offence is a fine; or
- (i) if s/he is subject to, or otherwise associated with, any investigative proceedings by any regulatory authority; or
- (j) if s/he is removed from office by a resolution duly passed pursuant to Article 48; or
- (k) if s/he has been absent for more than six consecutive months, without leave of absence from the Board, from meetings of the Board and the Board resolves that his/her office be vacated by reason of such absence; or
- (l) if an elected member representative of the Board has completed ten years consecutive service as a member of the Board

### **POWERS OF THE BOARD**

50. The business of the Association shall be managed by the Board who may pay all such expenses of, and preliminary and incidental to the promotion, formation, establishment and registration of the Association as they think fit, and may thereafter exercise all such powers of the Association, and do so on behalf of the Association all such acts as may be exercised and done by the Association, and as are not by the Statutes, by these presents or by any Rules made by virtue of these presents required to be exercised or done by the Association in General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Statutes, to any Rules made by virtue of these presents and to such regulations, being not inconsistent with the aforesaid regulations, provisions or Rules, as may be prescribed by the Association in General Meeting; but no regulation made by the Association in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. The powers given by this regulation shall not be limited by any special power given to the Board by these presents and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
51. The Board shall at all times recognise the importance of sound corporate governance and shall comply, having regard to the Association's role and operation and so far as it is reasonable to do so, with all material and relevant aspects of the Code.
52. The Board may make recommendations on such matters and in such manner as the Board shall think fit. The Board may exercise all the powers of the Association to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Association or of any third party, provided that the Board shall not, without the consent in writing of at least two-thirds of the Members of the Association or the previous sanction of a resolution of the Association in General Meeting passed by a majority of at least

three-fourths of the votes cast at such meeting, exercise any such powers as aforesaid if immediately thereafter the amount for the time being remaining undischarged of moneys borrowed or secured by the Association as aforesaid would exceed, until the first Annual General Meeting of the Association, £200,000 and thereafter, an amount equal to the aggregate of all annual subscription fees payable by both categories of Members and by Affiliate Members for the current calendar year calculated on 1 January of the current calendar year. No lender or other person dealing with the Association shall be concerned to see or enquire whether this limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

53. The Board shall have power from time to time to engage, retain and remove from office such permanent staff on such terms as it may in its discretion decide to employ in the interests of the efficient management of the Association.
54. The Board shall have power from time to time to adopt and make, alter or revoke, Rules for the regulation of the Association and otherwise for the furtherance of the purposes for which the Association is established, provided that such Rules are not repugnant to the Memorandum or Articles of Association. Any resolution of the Board for the adoption, making, alteration or revocation of such Rules shall be subject to confirmation by ordinary resolution of the Association at the next Annual General Meeting and, if it be not so confirmed, shall cease to have effect at the conclusion of that meeting.
55. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Association shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

### **DELEGATION OF BOARD'S POWERS**

56. The Board may delegate all or any of its powers either generally or for a specific purpose to any member or members of the Board or to any sub-committee, whether permanently to a Standing Committee or on an *ad hoc* basis, established by the Board (whether consisting of members of the Board or of other persons or of both) and subject to such terms and conditions as the Board may think fit. Subject to any such terms and conditions, the proceedings of any sub-committee with two or more members shall be governed by these presents regulating the proceedings of the Board so far as they are capable of applying. The Board may grant such powers of sub-delegation as it may think fit provided that any person or sub-committee exercising delegated powers shall report every such exercise as soon as reasonably possible to the Board.



57. Where the Board agrees to the establishment of any committee, it is incumbent upon the Board to provide such committee with comprehensive terms of reference which should include a precise statement of the powers of each committee.

### **CHIEF EXECUTIVE AND OFFICERS**

58. The Board may delegate all or any of its powers relating to the day-to-day running and administration of the Association and such other duties as it may think fit, to a Chief Executive appointed by the Board from time to time for such purpose, and in such case shall establish for the Chief Executive specific terms of reference and powers for the performance of his/her duties in writing. The Chief Executive is responsible to the Board for his/her actions in accordance with his/her terms of reference, but may delegate specific functions to other executive directors.
59. The Board has powers to fix the salary and total remuneration, including pension rights, of a Chief Executive and any other executive director which it appoints, as well as any Non-Executive Director of the Association, whether engaged on a full-time or a part-time basis. Any such remuneration should be designed to promote the long-term success of the Association.
60. The Board has powers to appoint, at its discretion, or on the recommendation of the Chief Executive, such other officers and employees as it shall think fit, and to fix their remuneration.

### **BOARD'S AND CHIEF EXECUTIVE'S EXPENSES**

61. The members for the time being of the Board may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or sub-committees of the Board or General Meetings or separate meetings of any category of membership of the Association or of holders of any class of debentures of the Association or otherwise in connection with the discharge of the duties.

### **BOARD'S APPOINTMENT AND INTERESTS**

62. Subject to the provisions of the Statutes and to Article 33, the members for the time being of the Board may appoint one or more of their number to any executive or non-executive office under the Association and may enter into an agreement or arrangement with any such member of the Board for his/her employment by the Association or for the provision by him/her of any services outside the scope of the ordinary duties of a member of the Board. Any such appointment, agreement or arrangement may be made upon such terms as the Board determines and they may remunerate any such member of the Board for his/her services as they think fit. Any appointment of a member of the Board to an executive or non-executive office shall terminate if s/he ceases to be a member of the Board but without prejudice to any claim to damages for breach of the contract of service between the member of the Board and the Association.

63. A member of the Board must declare the nature and extent of any interest, direct or indirect, which s/he has in any proposed transaction or arrangement with the Association, or in any transaction or arrangement entered into by the Association, or any other matter relating to the Association or its operations, which has not previously been declared. Subject to the below, a member of the Board must absent himself or herself from any discussions of the Board in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the Association and any personal interest (including but not limited to any personal financial interest).

64.

- (a) If a proposed decision of the Board is concerned with an actual or proposed transaction or arrangement with the Association in which a member of the Board is interested, that member of the Board is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (b) But if paragraph (c) applies, a member of the Board who is interested in an actual or proposed transaction or arrangement with the Association is to be counted as participating in the decision-making process for quorum and voting purposes.
- (c) This paragraph applies when:
  - the Association by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a member of the Board from being counted as participating in the decision-making process;
  - the member of the Board's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - the member of the Board's conflict of interest arises from an arrangements pursuant to which benefits are made available to employees and member of the Board or former employees and member of the Board of the Association or any of its subsidiaries which donot provide special benefits for member of the Board or former member of the Board.
- (d) For the purposes of this article, references to proposed decisions and decision-making processesinclude any Board meeting or part of a Board meeting.
- (e) Subject to paragraph (f), if a question arises at a Board meeting or of a committee of directors asto the right of a member of the Board 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 chairman whose ruling in relation to any director other than the chairman is to be final andconclusive.
- (f) If any question as to the right to participate in the meeting (or part of the meeting) should arise inrespect of the chairman, the question is to be decided by a decision of the members of the Boardat that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

65. Subject to the provisions of the Statutes and of the Memorandum of Association, and provided that s/he had disclosed to the Board the nature and extent of any material interest of his/her, a member ofthe Board notwithstanding his/her office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with theAssociation or in which the Association is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any corporate body promoted by the Association or in which the Association is otherwise interested in; and
- (c) shall, by reason of his/her office, be accountable to the Association for any benefit which s/he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such

transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

66. For the purposes of Article 63:

- (a) a general notice to the Board that a member of the Board is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the member of the Board has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a member of the Board has no knowledge and of which it is unreasonable to expect him/her to have knowledge shall not be treated as an interest of his/hers.

### PROCEEDINGS OF THE BOARD

67. The Board may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Unless otherwise determined, five members of the Board present in person shall be a quorum, one of whom must be a Non-Executive Director and one an *ex officio* executive director. Questions arising at any meeting shall be decided by a majority of votes (save where otherwise provided in these Articles).
68. A member of the Board may, and on the request of a member of the Board the Secretary shall, at any time, summon a meeting of the Board by notice served upon the several members of the Board. Meetings of the Board shall be held at least four times a year.
69. If it is not possible for a quorum to attend a meeting in one place, or if the Chairman otherwise decides that it is desirable, any Board member may, with the agreement of a majority of Board members present, validly participate in a Board meeting through the medium of conference telephone or similar form of communication equipment if all persons attending the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by Board members is for the purposes of these Articles deemed to be validly and effectively transacted at a Board meeting even if fewer than five Board members are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.
70. The member or members for the time being of the Board may act notwithstanding any vacancy in their body; provided always that in case the members of the Board shall at any time be or be reduced in number to less than the number for the time being prescribed by or in accordance with these presents, it shall be lawful for them to act as the Board for the purpose of filling up vacancies in their body or summoning a General Meeting, but not for any other purpose.

71. Subject to Article 72, the Board shall, immediately following every Annual General Meeting of the Association (and, at any time, in order to fill any vacancy), reconfirm the appointment of a Chairman who must be a Non-Executive Director, (as per the process highlighted in Article 37) and appoint a Vice Chairman who shall be selected from the elected member representatives pursuant to Article 33 (a). Any such appointee shall retain office until the conclusion of the next Annual General Meeting or until such earlier date, if any, if s/he ceases to be a member of the Board.
72. The Chief Executive shall act as chairman and scrutineer at any meeting of, or during such part of any meeting of, the Board at which an election of Chairman or Vice Chairman of the Board takes place by secret ballot. While acting as chairman of the Board in such circumstances, the Chief Executive has equal voting rights with other members of the Board in the secret ballot with other members of the Board, but has no casting vote.
73. The Chairman shall preside as chairman at all meetings of the Board or, if at any meeting there is no member of the Board holding that office or if the Chairman be not present within 15 minutes after the time appointed for holding the meeting or shall be unwilling to preside, the Vice Chairman shall preside or, if there is no member of the Board holding that office or if s/he be not present within 15 minutes after the time appointed for holding the meeting or shall be unwilling to preside, then the members of the Board present shall choose one of their number to be chairman of the meeting.
74. All acts *bona fide* done by any meeting of the Board or of any sub-committee of the Board, or by any person acting as a member of the Board shall notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any such member of person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a member of the Board.
75. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being of the Board or of any sub-committee of the Board who are entitled to receive notice of a meeting of the Board or of such sub-committee (which resolution may consist of several documents in the like form each signed by one or more members of the Board or of such sub-committee) or a resolution to which every such member has signified his/her approval in writing or by cable, telegram, telex or facsimile transmission (which resolution may consist of several documents in the like form each bearing the aforesaid approval of one or more such members) shall be as valid and effectual as if it had been passed at a meeting of the Board or of such sub-committee duly convened and constituted.
76. Provided that s/he has disclosed to the Board the nature and extent of any material interest, but only after s/he has received the unanimous agreement of the other members of the Board present and, in any event, not in relation to matters arising from a breach of the Rules, a member of the Board shall be entitled to participate in discussions and to vote as a member of the Board or any sub-committee and be counted in the quorum (and if s/he shall votes his/her vote shall be counted) in respect of any resolution concerning a matter in which s/he has, directly or indirectly, an interest or duty (whether or not it may conflict with the interests of the Association).

## SECRETARY

77. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit; and any Secretary so appointed may be removed by the Board. The Board may appoint as Secretary the Chief Executive of the Association from time to time. The provisions of Sections 270, 274 and 280 of the Act shall apply and be observed. The Board may from time to time by resolution appoint an assistant or deputy secretary, and any person so appointed may act in place of the Secretary if there be no Secretary or no Secretary capable of acting.

## MINUTES

78. The Board shall cause minutes to be made in books kept for the purpose:
- (a) of the names of the members present at each meeting of the Board and of any sub-committee established by the Board;
  - (b) of all appointments of officers made by the Board;
  - (c) of all Rules made by the Association;
  - (d) of all resolutions and proceedings at all meetings of the Association, and of the Board, and of sub-committees; and
  - (e) of all recommendations made by the Board.

The responsibility for the timely production of all such minutes lies with the Secretary.

## SEAL

79. The seal of the Association shall only be used by the authority of a resolution of the Board, and in the presence of two members of the Board or of a member of the Board and the Chief Executive or Secretary and the said members of the Board and Chief Executive or Secretary (as the case may be) shall sign every instrument to which the seal shall be so affixed in their presence.

## ACCOUNTS

80. The Board shall cause accounting records to be kept in accordance with the requirements of the Statutes.
81. The accounting records shall be kept at the Office, or, subject to the provisions of the Statutes, at such other place or places as the Board shall think fit, and shall always be open to the inspection of the members of the Board, the Chief Executive and the Secretary of the Association.
82. The Board shall from time to time determine whether and to what extent and at what times

and places and under what conditions or regulations the accounts and books of the Association or any of them shall be open to the inspection of Members of the Association not being members of the Board of the Association, and no Member (not being a member of the Board) shall have any right of inspecting any accounting record or other book or document of the Association except as conferred by statute or authorised by the Board or by the Association in General Meeting.



## AUDIT

83. Auditors shall be appointed and their duties regulated in accordance with the provisions of the Statutes, the members of the Board being treated as the Directors mentioned in those provisions.

## NOTICES

84. A notice or document may be served by the Association upon any Member, either personally or by sending it by first-class post (by first-class (if available) airmail post in the case of Members with a registered address outside the United Kingdom) addressed to such Member at his/her registered address as appearing in the register of Members, by leaving it at the address of the Member, where a Member has provided written consent that they wish to receive notices from the Association via electronic means, by giving it in electronic form to the address that the Member has provided for that purpose.
85. Any notice or document or other information shall be deemed to be served on or delivered to the intended recipient:
- (a) if properly addressed and served by post, shall be deemed to have been served on the second business day following (or the fifth business day following in the case of airmail post) that on which the letter containing the same is put into the post, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post as a prepaid letter;
  - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address; and
  - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied;

For the purposes of this Article no account shall be taken of any part of a day that is not a business day and “electronic form” shall have the same meaning as given in s.1168 of the Act.

## RULES

86. The Board may, from time to time, make such reasonable and proper Rules as they deem necessary or expedient for the proper conduct and management of the Association.
87. The Rules may regulate the following matters but are not restricted to them:
- (a) provisions relating to classes of Members, including the rights and privileges of Members;
  - (b) membership fees and subscriptions;
  - (c) the admission criteria for Members.
88. The Rules shall be binding on all members of the Association. No Rule shall be inconsistent with, or shall affect or repeal anything contained in, these Articles. If there is a conflict between



the terms of these Articles and any Rules established under this Article, the terms of these Articles shall prevail.

## INDEMNITY

89. Subject to the provisions of the Statutes every member of the Board, Chief Executive, Secretary, Auditor or other officer of the Association shall be indemnified by the Association against all costs, charges, losses, expenses and liabilities suffered or incurred by him/her in the execution and discharge of his/her duties or in relation thereto. The Board is empowered to procure insurance, at the expense of the Association, against such liabilities on behalf of the Association, and on behalf of the Board, the Chief Executive and other officers of the Association.