

Company No: 04961302

BACS PAYMENT SCHEMES LIMITED

Articles of Association

A private company limited by guarantee

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PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—
- “articles” means the company’s articles of association;
- “Bank of England” means The Governor and Company of the Bank of England;
- “Board” means the board of directors of the company from time to time;
- “Bacs Payment System” means the system relating to automated clearing and settlement of payments which is administered by the company;
- “Bacs Rules” means the payment system rules of the company from time to time as amended in accordance with such rules;
- “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;
- “chair” has the meaning given in article 11;
- “chair of the meeting” has the meaning given in article 25;
- “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;
- “director” means a director of the company, and includes any person occupying the position of director, by whatever name called;
- “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;
- “Holding Company” has the meaning given to it under section 1159 of the Act;
- “Independent” means, in relation to a director, such person as the directors determine to be independent in character and judgement and whose relationships are unlikely to affect or appear to affect such director’s judgement, and as defined in paragraph B.1.1. of the Financial Reporting Council’s Corporate Governance Code as may be amended and/or updated from time to time;
- “Independent Director” means a director of the company who is Independent;
- “member” has the meaning given in section 112 of the Companies Act 2006;

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

“Observer” means a third-party’s appointed representative;

“participate”, in relation to a director’s meeting, has the meaning given in article 9;

“proxy notice” has the meaning given in article 31;

“Regulator” means a regulatory body, including but not limited to the Bank of England and the Payment Systems Regulator;

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

No regulations or articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies (including the regulations in the Companies (Model Articles) Regulations 2008 (SI 2008/3229) or the model articles as defined in section 20 of the Companies Act 2006) shall apply as the articles of the company. The following shall be the articles of association of the company.

Liability of members

- 2.** The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for—
- (a) payment of the company’s debts and liabilities contracted before he ceases to be a member,
 - (b) payment of the costs, charges and expenses of winding up, and
 - (c) adjustment of the rights of the contributories among themselves.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

Directors' general authority

3.—(1) 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.

Directors may delegate

4.—(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 but always including at least one director (and in the case of the appointment committee, that committee shall comprise at least one Independent Director).

(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.

Committees

5.—(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.

(3) The general manager of the company shall be entitled to receive notice of all meetings of a committee and to attend either personally or by representative and to speak at such meetings, but he or she shall not have any vote at committee meetings by virtue of his or her office.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

6.—(1) Subject to article 6(3), the general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 6.

(2) If—

- (a) the company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

- 7.**—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

- 8.**—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must be in writing and 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.
- (3) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

- 9.**—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others 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.

Quorum for directors' meetings

10.—(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 unless otherwise so fixed the quorum shall be one half of the directors then appointed provided that —

(a) subject to article 10(3) at least one of the directors present shall be an Independent Director; and

(b) if and so long as there is only one director the quorum shall be one director.

(3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to appoint further directors or to call a general meeting to enable the members to appoint further directors.

Chairing of directors' meetings

11.—(1) An Independent Director shall be appointed to chair the meetings.

(2) The person so appointed for the time being is known as the chair.

(3) If the chair is not participating in a directors' meeting within twenty minutes of the time at which it was to start, the participating directors must appoint another of the Independent Directors or, in the absence of any Independent Directors, another director to chair it.

Casting vote

12.—(1) If the numbers of votes for and against a proposal are equal, the chair has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chair is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

13.— (1) A director is under a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. However, this duty is not infringed if:

(a) the situation cannot reasonably be regarded as giving rise to a conflict of interests; or

(b) the matter has been authorised by the Board in accordance with section 175(5)(a) of the Act notwithstanding the provisions in these articles relating to notice and quorum (the director in question or any other interested director should not be counted in the quorum or permitted to vote on a resolution authorising such conflict) at such a meeting where authorisation is given.

(2) If the conflict is not authorised by the Board, the director in question or any other interested director will not be authorised to vote on any matter giving rise to a conflict of interests and/or conflict of duties.

(3) Subject to the provisions of the Act, and provided that he or she has disclosed to the directors the nature and extent of any material interest of his or hers, a director notwithstanding his or her office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested; and

(b) shall not, by reason of his or her office, be accountable to the company for any benefit which he or she 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.

(4) For the purposes of article 13(3):

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

(b) an interest of which a director has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of his or hers.

Records of decisions to be kept

14. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

Directors' discretion to make further rules

15.- (1) 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.

(2) The directors have established the Bacs Rules relating to participation in the Bacs Payments System and may establish other rules governing matters relating to the company that are required for the effective operation of the company.

APPOINTMENT OF DIRECTORS

Methods of appointing directors

16.—(1) Any person who fulfils the company's criteria (such criteria as amended, updated or replaced, and as approved by the directors or any delegated body, from time to time) to serve as a director, is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by a decision of the directors.

(2) The Board shall appoint not less than one Independent Director to serve as director and, if so appointed by the Board as chair. Each Independent Director shall be nominated for a term of three years, which may be extended by a decision of the Board for a maximum of three further years. No Independent Director shall serve for more than two three-year terms. The Board should state its reasons if it determines that a director appointed pursuant to this paragraph is Independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.

(3) The Bank of England shall have the right to send an Observer at meetings of the Board. Any such Observer shall have the right to attend and speak at meetings of the Board, but shall have no rights to vote.

(4) A Holding Company of the company shall have the right to send an Observer, or in the Observer's absence an alternate appointed representative ("**Alternate Observer**"), at meetings of the Board. Any Observer or Alternate Observer shall have the right to attend and speak at meetings of the Board, but shall have no rights to vote.

(5) No person who is or becomes a director of any supplier of significant services to the company may be appointed or continue to be a director or an alternate director of the company.

Alternate Directors

17.—(1) Any director who is not also an Independent Director may appoint:

- (a) any other director; or
- (b) subject to any restrictions contained in these articles, any other person who is willing to act, to be an alternate director and may remove from office an alternate director so appointed by him or her.

(2) Any director who is not also an Independent Director may appoint a person to be a general alternate director ("**General Alternate**"), such appointment to be effective until determined, and in addition, a person to be a special alternate director ("**Special Alternate**"), such appointment to be limited to a particular meeting or particular set of circumstances set out in that person's appointment, in each case such persons being, subject to any restrictions in these articles:

- (a) any other director; or
- (b) any other person who is willing to act, to be an alternate director and may remove from office any alternate director so appointed by him or her.

(3) In the absence of his or her appointor, a Special Alternate shall be entitled to represent his or her appointor and vote in his or her place at the meeting referred to in his or her appointment, or at any meeting held in the circumstances set out in the Special Alternate's appointment.

(4) A General Alternate shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which the General Alternate's appointor is a member, to attend and to vote at any meeting at which the director appointing the General Alternate is not personally present, and at that meeting to exercise and discharge all the functions, powers and duties of the General Alternate's appointor as a director and for the purposes of proceedings at that meeting the provisions of these articles shall apply as if the General Alternate was a director.

(5) In the absence of both his or her appointor and his or her appointor's General Alternate, a Special Alternate shall be entitled to receive notice of and to attend and vote at the particular meeting or a meeting in the particular set of circumstances set out in the Special Alternate's notice of appointment provided under paragraph of this article and at such meeting to exercise and discharge all the functions, powers and duties of the Special Alternate's appointor as a director and for the purposes of proceedings at that meeting the provisions of these articles shall apply as if the Special Alternate was a director.

(6) Any person appointed as an alternate director shall vacate his or her office as an alternate director:

- (a) if the director by whom the alternate has been appointed ceases to be a director or removes him or her;
- (b) or on the beginning of any event which, if that person were a director, causes or would cause him or her to vacate that office;

- (7) Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.
- (8) An alternate director shall alone be responsible for his or her acts and defaults and shall not be deemed to be the agent of the director appointing him or her.
- (9) The provisions of article 18 shall apply mutatis mutandis to any alternate director.

Termination of director's appointment

18.—The office of a director shall be vacated if:

- (1) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (2) a bankruptcy order is made against that person;
- (3) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (4) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (5) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect as set out in the director's engagement letter;
- (6) the director is otherwise duly removed from office; or
- (7) in the case of a director who is also an Independent Director, that director has, in the opinion of the Board and at least one other Independent Director, ceased to be Independent.

Directors' remuneration

19.—(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
 - (b) 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.

Directors expenses

20.—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,

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

PART 3

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

Applications for membership

- 21.** (1) No person shall become a member of the company unless—
- (a) that person has completed an application for membership in a form approved by the directors, and
 - (b) the directors have approved the application.
- (2) A letter shall be sent to each successful applicant confirming their membership of the company and the details of each successful applicant shall be entered in the register of members.

Termination of membership

- 22.—** (1) A member may withdraw from membership of the company by giving three months' notice to the company in writing. Any person ceasing to be a member of the company shall be removed from the register of members.
- (2) Membership is not transferable.
- (3) A person's membership terminates when that person dies or ceases to exist or goes into receivership, administrative receivership, administration, liquidation or other arrangement for winding up (if a company) and the membership shall pass to the receiver, administrator or administrative receiver (as appropriate).
- (4) In the event:
- (a) a member does not comply with these articles, or
 - (b) a Regulator directs the Board to do so,
- the Board may require such member to resign its membership and such member will be removed from the register of members of the company as evidence of such resignation of membership.
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ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

- 23.—**(1) A member is able to exercise the right to speak at a general meeting when that member is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that member has on the business of the meeting.
- (2) A member is able to exercise the right to vote at a general meeting when—

- (a) that member is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that member'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 members 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 members 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.

Quorum for general meetings

24. 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. The quorum for a general meeting shall be one member present in person or by proxy.

Chairing general meetings

- 25.**—(1) If the directors have appointed a chair of the Board, that 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 twenty minutes of the time at which a meeting was due to start the directors present must appoint an Independent Director, or in the absence of Independent Directors a director, 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”.

Attendance and speaking by directors and non-members

- 26.**—(1) Directors and Observers 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 members of the company to attend and speak at a general meeting.

Adjournment

- 27.**—(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.

VOTING AT GENERAL MEETINGS

Voting: general

- 28.** (1) 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.
- (2) On a vote on a show of hands, all members shall have one vote.

Errors and disputes

- 29.**—(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.

Poll votes

- 30.**—(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) any qualifying person (as defined in section 318 of the Companies Act 2006) present and entitled 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.
- (4) Polls must be taken immediately and in such manner as the chair of the meeting directs.

Content of proxy notices

- 31.**—(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.

Delivery of proxy notices

- 32.**—(1) 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.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed 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.

Amendments to resolutions

- 33.**—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
- (a) notice of the proposed amendment is given to the company 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
 - (b) 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's error does not invalidate the vote on that resolution.

PART 4

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

- 34.**—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) In the case of a member that is a corporation, for all purposes, including the execution of any appointment of proxy, resolution in writing, notice or other document (including anything sent or supplied in electronic form) executed or approved pursuant to any provision of the articles, execution by any director or the secretary of that corporation or any other person who appears to any officer of the company (action reasonably and in good faith) to have been duly authorised to execute shall be deemed to be and shall be accepted as execution by that corporation.
- (3) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (4) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

- 35.**—(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 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 (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

36. 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.

Provision for employees on cessation of business

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

DIRECTORS’ INDEMNITY AND INSURANCE

Indemnity

38.—(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),
- (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.

Insurance

39.—(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.