

Articles of Association

of

THE ASSOCIATION OF LITIGATION FUNDERS OF ENGLAND AND
WALES

A private company limited by guarantee

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PART 1

INTERPRETATION, OBJECTS, POWERS, APPLICATION OF INCOME AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—
 - "application fee" means the fee payable on application for membership of the company;
 - "articles" means the company's articles of association;
 - "bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
 - "chairman" has the meaning given in article 15;
 - "chairman of the meeting" has the meaning given in article 34;
 - "Code of Conduct for Litigation Funders" means the prevailing code of the same name, as varied from time to time.

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

"company" means the Association of Litigation Funders of England and Wales

“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;

“funder” has the meaning given in the Code of Conduct for Litigation Funders and “funding”,

“funded” and any derivative thereof shall be construed accordingly;

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

"membership fee" means the fee payable upon becoming a member of the company;

"officer" has the meaning given in article 21;

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

“participate”, in relation to a directors’ meeting, has the meaning given in article 13;

“rules” means the prevailing rules of the company as varied from time to time;

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

“subsidiary” has the meaning given in section 1159 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.

Objects

2. The objects of the company are:

- (a) the promotion of best practice in litigation funding, including by seeking adherence to the Code of Conduct for Litigation Funders; and
- (b) improving the understanding of the uses and applications of litigation funding by providing education, training and information on litigation funding.

Powers

3. The company has the power to do anything which is calculated to further its objects or is conducive or incidental to doing so.

Application of income

4. (1) The income and property of the company shall be applied toward the promotion of the objects.

(2) A director may:

- (a) in accordance with articles 25, be reimbursed from the property of the company or pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the company;
- (b) benefit from insurance in accordance with article 38;
- (c) receive an indemnity from the company in the circumstances set out in article 37; and
- (d) receive remuneration in accordance with article 24.

(3) None of the income or property of the company may be paid or transferred directly or indirectly by way of dividend, return of capital or otherwise by way of profit to any member of the company. This does not prevent a member from receiving reasonable and proper remuneration for any goods or services supplied to the company.

Liability of members

5. 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

6. 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

7.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

8.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

9.—(1) 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 10, save that proposed amendments to the Code of Conduct for Litigation Funders must be made by a two-thirds majority of members at an annual general meeting or extraordinary general meeting.

(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

10.—(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.

Frequency of directors' meetings

11. A meeting of directors shall take place not less than twice in each calendar year.

Calling a directors' meeting

12.—(1) Any director may call a directors' meeting by giving 21 days' 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 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 must be given to each director, but need not be in writing.

(4) 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.

(5) Each director consents to the use of the following means of communication for calling or holding a directors' meeting—

- (a) video;
- (b) telephone;
- (c) electronic mail; or
- (d) any other technology (or combination thereof) that permits each director to communicate with every other director in attendance.

Participation in directors' meetings

13.—(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

14.—(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 shall be at least three directors, save under clause 30 (4) where the quorum shall be the board of directors.

(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—

- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the members to appoint further directors.

Chairing of directors' meetings

- 15.—(1) The directors shall appoint a director to chair their meetings.
(2) The person so appointed for the time being is known as the chairman.
(3) The directors may terminate the chairman's appointment at any time.
(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

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

Conflicts of interest

17. If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director shall not be eligible to vote in respect of the proposed decision and must declare such interest to the participating directors.

Records of decisions to be kept

18. 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

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

APPOINTMENT OF DIRECTORS

Methods of appointing directors

20. Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by a decision of the directors.

Officers of the Company

21. The company will have three officers appointed either by ordinary resolution or by a decision of the directors, being:
- (a) the chairman;
 - (b) the secretary; and
 - (c) the treasurer.

Composition of the board of directors

22. The board of directors shall consist of:

- (a) the officers; and
 - (b) two members appointed as directors by resolution,
- save for the first 12 months following incorporation of the company, during which the board may consist of only the officers.

Termination of director's appointment

23. A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who 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;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

24.—(1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the members may determine at a general meeting:

- (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

25. 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

Eligibility for membership

- 26.**—(1) Membership of the company shall be open to persons or entities that:
- (a) are funders within the meaning of the prevailing Code of Conduct for Litigation Funders, as varied from time to time;
 - (b) have previously funded or at the time of application for membership are funding disputes within England and Wales;
 - (c) can demonstrate to the directors' satisfaction their compliance with the prevailing Code of Conduct for Litigation Funders, the articles and the rules as varied from time to time; and
 - (d) are not statutorily regulated in respect of their litigation funding activities.
- (2) Any question of eligibility for membership shall be determined by the directors.

Applications for membership and annual subscription

- 27.** (1) No person shall become a member of the company unless—
- (a) that person has submitted a completed application for membership in a form approved by the directors together with the application fee;
 - (b) the directors have approved the application; and
 - (c) the membership fee has been paid.
- (2) Each member and associate member shall pay annually a subscription to the company. Such payment shall be made within 28 days of the subscription being requested by the company.
- (3) The application fee, membership fee and level of subscription shall be fixed, from time to time, by the directors, who may in their absolute discretion raise, lower or waive such fees or subscription.

Register of members

- 28.**—(1) The secretary shall maintain a list of names and addresses of all members, which may be inspected on reasonable notice by any member.

(2) The secretary may keep such list on any medium as is deemed convenient, whether in soft or hard copy, and each of the present and past members shall be deemed to have given consent to their details being so kept unless they have given written notice to the contrary to the secretary.

Representatives

- 29.**—(1) Any member that is not a natural person may by written notice to the secretary:
- (a) appoint a natural person to act as its representative in all matters connected with the business of the company; and
 - (b) remove a representative.
- (2) A representative is entitled to:
- (a) exercise at a general meeting all the powers to which the appointing member would be entitled if it were a natural person;
 - (b) stand for election as a director; and
 - (c) be counted towards a quorum on the basis that the member is to be considered personally present at a general meeting or directors' meeting by its representative.

Suspension and termination of membership

- 30.**—(1) A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.
- (2) Membership is not transferable.
- (3) A member's membership terminates when, in the case of a person, that person dies or, in the case of an entity other than a person, it ceases as a matter of law to exist.
- (4) A member's membership may be immediately suspended if the board of directors reasonably determine at a meeting of the board of directors, at their discretion and in accordance with clause 10 hereof, that in their reasonable opinion the member has:
- (a) failed to comply with the disclosure obligations prescribed in article 3.15 of the rules; or
 - (b) failed to comply with the prevailing Code of Conduct of Litigation Funders or other rules of the company as have been notified to members from time to time; or
 - (c) has engaged or is engaging in any conduct likely to bring the company into disrepute; or
 - (d) has failed to pay to the company the annual subscription fee within the meaning of the rules for 30 days after it becomes due.
- (5) A person's membership may be terminated by the directors if they determine at a meeting of the board of directors, at their discretion in accordance with clause 9 hereof, that that person has:
- (a) failed, within three months' notice by the board, to remedy a default under sub-clause (4) above to the reasonable satisfaction of the board; or
 - (b) otherwise ceased to be eligible for membership; or
 - (c) failed to comply with the prevailing Code of Conduct of Litigation Funders or other rules of the company as have been notified to members from time to time; or
 - (d) has engaged or is engaging in any conduct likely to bring the company into disrepute; or
 - (e) failed to pay to the company the annual subscription fee within the meaning of the rules for 30 days after it becomes due, has received from the secretary notice of the fact, and has still failed to pay the subscription fee after 21 days from the date of that notice.
- (6) A person's membership shall not be terminated by the directors unless at least 21 days' notice has been given to that person of:

(a) the directors' meeting at which the question of the termination of that person's membership shall be considered; and

(b) the reason for the proposed termination.

(7) If a person's membership is terminated by the directors, the secretary shall as soon as practicable give written notice of that decision to the member.

(8) When a member's membership is terminated, the secretary shall strike that person's name off the register of members.

30A. — (1) The company may take all reasonable steps to investigate whether there are grounds for suspending and/or terminating a member's membership under article 30 (4) and (5).

(2) the company may publicise the fact of a member's suspension under article 30 (4), but shall keep the grounds and any matters concerning the investigation thereof strictly confidential pending any determination under article 30 (5).

ORGANISATION OF GENERAL MEETINGS

Annual general meetings

31.—(1) An annual general meeting of the company shall be held once in each calendar year on such day and time and at such place as the directors shall determine.

(2) At least 28 calendar days' notice of an annual general meeting shall be given to all members by the secretary.

(3) The venue of an annual meeting shall be in London, unless otherwise determined by the chairman.

(4) Any member wishing to raise any matter at the annual general meeting shall give notice in writing thereof to the secretary no later than 21 calendar days before the date on which the meeting is to take place.

(5) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

Extraordinary general meetings

32.—(1) An extraordinary general meeting can be called by any two directors or members. At least 21 calendar days' notice of an extraordinary meeting shall be given to all members by the secretary specifying:

(a) the place, date and time of the meeting; and

(b) the matters to be dealt with at the meeting.

(2) The venue of an extraordinary meeting shall be in London, unless otherwise determined by the chairman.

(3) Any member wishing to raise any matter at the annual general meeting shall give notice in writing thereof to the secretary no later than 21 calendar days before the date on which the meeting is to take place.

(4) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

Quorum for general meetings

33. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

Chairing general meetings

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

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

PART 4

ADMINISTRATIVE ARRANGEMENTS

Minutes

35.—(1) The secretary shall record in a minute book the proceedings of all general meetings and directors' meetings.

(2) Such records shall be kept for no less than 10 years, and shall be open to inspection by members on reasonable written notice to the secretary.

Dissolution of the company

36.—(1) The company shall be dissolved with immediate effect if:

(a) the number of members shall at any time fall below two; or

(b) the directors shall pass in a meeting by a two-thirds majority a resolution of their intention to dissolve the company.

(2) In the event that the company is dissolved, its available funds shall be transferred to such charitable institutions as:

(a) have objects similar to those of the company; and

(b) have been selected by the directors from time to time.

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

37.—(1) Subject to paragraph (2), a relevant director of the company or an associated company shall 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

38.—(1) The directors shall 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.