

BRITISH BUSINESS ANGELS ASSOCIATION

NEW ARTICLES OF ASSOCIATION (adopted by written resolution passed February 2005)

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Of

British Business Angels Association *

1. **Preliminary**

1.1 Except as otherwise provided in these Articles, the regulations and definitions contained or incorporated in Table A as amended by Table C shall apply to the Company. For the purposes of these Articles, Table A and Table C means Table A and Table C in the Schedule of the Companies (Table A to F) Regulations 1985, as amended by the Companies (Table A to F) (Amendment) Regulations 1985.

2. These Articles and the regulations of Table A incorporated in them shall take effect subject to the requirements of the Act and of every other statute from the time being in force affecting the Company (together “the Statutes”).

3. In these Articles, unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders, words importing persons include corporations and the expression “paid up” includes credited as paid up.

4. **Definitions**

“The Act” means the Companies Act 1985 as amended from time to time

“Business Angels” shall mean private individuals who wish to invest in SME’s and other organisations acting in the same manner and shall include High Net Worth Individuals and Sophisticated Investors as defined in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 as amended from time to time.

* On 29th November 2004 the Company changed its name from National Business Angels Network Limited to its present name.

- “Code of Conduct” means the Code of Conduct adopted by the Board of the Company from time to time, for the purpose of imposing standards of conduct, to be observed by the Members
- “Disciplinary Procedure” means the Disciplinary Procedure adopted by the Board from time to time
- “Elected Director” or “Elected Directors” means those directors (other than the co-opted directors) elected at an Annual General Meeting by the Full Members (save that as at the date of adoption of these Articles the Elected Directors shall be deemed to be Anthony Clark, John Goodger and Martin Carr)
- “Executive Committee” means the committee appointed pursuant to Article 13
- “Member” or “Members” shall mean a Full Member, or Honorary Member unless the context otherwise requires.
- “SME” shall mean small or medium enterprise within the meaning of Section 247 of the Companies Act 1985 (as amended from time to time).

5. Membership

5.1 The Company is composed of Full Members, Honorary Members, Associates and Affiliates.

5.2 Membership of the Company is entirely at the discretion of the Board who may accept or reject applicants without giving reasons. In assessing applications for membership, the Board will have regard to such matters as it may consider relevant, including the criteria in Articles 5.3, 5.4, 5.5 and 5.6.

5.3 Full Members

Full Members are formally structured or constituted business angel groups or networks or syndicates (“Full Members”) which meet the criteria laid down by the Board. All members shall have an active involvement in the SME Field and agree to abide by the Code of Conduct and Disciplinary Procedure.

5.4 Honorary Members

Honorary Members are organisations or individuals, which the Board has unanimously decided should be Honorary Members and are exempt from paying the membership fee. Honorary Members shall be entitled to receive most publications and other literature prepared under the auspices of the

Company, and otherwise be entitled to participate in the affairs of the Company as decided by the Board.

5.5 Associates

Associates are organisations who have evident interest in the business angel and SME field, and without prejudice to the generality of the foregoing shall include academics solicitors, accountants, venture capitalists, banks, corporate financiers, patent and trademark agencies and business advisers such as business links, regional development agencies and other organisations.

5.6 Affiliates

Affiliates shall be individual business angels or informal non-structured groups or investment clubs, who have an evident interest in the SME and Business Angel field.

5.7 The Board shall have power to create such other additional categories of members as it deems desirable.

6. Withdrawal and exclusion of Members, Associates and Affiliates

6.1 Any Member, Associate or Affiliate may withdraw from the Association by sending a notice of its decision by email or registered letter to the Company's registered office, at least three months before the end of the financial year, provided that the Member, Associate or Affiliate has paid the outstanding membership fees.

6.2 The exclusion of Members, Associates or Affiliates shall take effect under the same conditions that govern their admission.

6.3 Members, Associates and Affiliates will at the discretion of the Board be considered to be withdrawn if they:

6.3.1 have failed to pay their annual membership fee;

6.3.2 do not any longer fulfil the requirements that had allowed them into the association; or

6.3.3 engage in activities that are detrimental to the Company objectives and purposes.

7. Finance of the Company

7.1 The financial year of the Company shall be 1 April to 31 March but this may be changed by resolution of the Board

7.2 The Company will be financed by the membership fees paid by Members, Associates and Affiliates within three months of the Member, Associate or Affiliate joining and thereafter within three months of the commencement of each subsequent financial year. The membership fee shall be set by the Board.

7.3 Members, Associates and Affiliates shall agree to the payment of the annual membership fees. Each Member Associate or Affiliate has the right to resign from membership at the end of the current fee year, if they are unwilling to pay a membership fee that has been increased. Members, Associates and Affiliates may not be held liable for obligations contracted by the Company. Membership will at the discretion of the board lapse at the end of the financial year should membership fees not be paid by them.

8. General and Extraordinary Meetings

8.1 The Company shall hold an annual general meeting (“AGM”) at least once every calendar year.

8.2 At least 30% of the Full Members, may at any time require the Secretary to convene an extraordinary general meeting of the Company (“EGM”). In convening such a meeting the Secretary shall not give less than 21 days notice to Full Members. An EGM can be convened on short notice if requested by the Chairman when instructed by the Executive Committee, on a proposal from the Board or at the request of a majority of Full Members.

8.3 All Members, Associates and Affiliates will be invited to attend the AGM and EGM’s. They will be encouraged to contribute to the debate but other than Full Members will have no voting rights.

9A. Proceedings at General and Extraordinary Meetings

9A.1 No business shall be transacted at any meeting unless a quorum is present. 30% per cent of the Full Members entitled to vote at that general meeting, present in person or by proxy or (in the case of a corporation) a duly authorised representative shall be a quorum.

9A.2 Each Full Member shall have one vote.

9A.3 Any Full Member may give another member a proxy. A proxy appointed by a Full Member of the Company under section 372 of the Act may vote on a show of hands as well as on poll, but no person present shall be entitled to more than one vote on a show of hands except as provided in Regulation 50 of Table A. Regulation 54 of Table A shall be amended accordingly.

9A.4 The Chairman of the Board, or in the absence of the latter the Vice-Chairman, shall chair the AGM and EGMs.

9A.5 Decisions at an AGM or EGM on the following matters shall require a simple majority:

9A.5.1 election and removal from the office of any one or more of the Directors

9A.5.2 approval of accounts and budgets;

9A.5.3 approval of the annual report;

9A.5.4 allocation of income.

9A.6 Decisions of the AGM or EGM on the following matters shall require a 75% majority of those present and voting or voting on a poll:

9A.6.1 amendment of the Memorandum and/or Articles of Association;

9A.6.2 early dissolution of the Company;

9B. Votes of Members

9B.1 Subject as hereinafter provided, every Full Member shall have one vote.

9B.2 Save as herein expressly provided, no Full Member other than a Full Member duly registered, who has paid a subscription and other sum (if any) which shall be due and payable to the Company in respect of his membership, shall be entitled to vote on any question either personally or by proxy, or as a proxy for another Full Member, at any General Meeting

9B.3 Votes may be given on a poll either personally or by proxy. A proxy may vote both on a show of hands and a poll. A corporation or other body may vote by its duly authorised representative appointed as provided in section 375 of the Act.

9B.4 At any meeting a Full Member entitled to attend such meeting may appoint a proxy who shall be entitled to speak at such meeting. The instrument appointing a proxy shall be in writing under the hand of the appointer or its/his attorney authorised in writing, or if such appointor is a corporation either under its common seal or under the hand of some officer duly authorised in that behalf. A proxy need not be a Full Member.

9B.5 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy thereof shall be deposited at the registered office not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

9B.6 A vote given or a poll demanded by a proxy or by the representative of the member duly authorised shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll or the revocation of the proxy or of the authority under which the proxy was executed, unless notice of the determination or revocation as aforesaid was received at the registered office before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded, or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

10. Board of Directors

- 10.1 The Company shall be governed by a Board composed of a maximum of fifteen directors nine of whom shall be elected by the Full Members (the "Elected Directors") and up to six of whom shall be co-opted members, co-opted by a majority of the Elected Directors.
- 10.2 Each member of the Board shall have one vote. The Chairman (or in his absence the Vice Chairman) shall have a second or casting, vote in the case of equality, provided no resolutions shall be validly passed unless a majority of the Elected Directors present vote in favour.
- 10.3 Subject to Article 10.8 below, the Elected Directors shall (subject to Articles 10.8 and 10.9 below) be elected for a two year term by a majority vote at the AGM. Outgoing Elected Directors shall be eligible for re-election. In the event of a vacancy a new Board member may be named by the Board but in the case of Elected Directors only until the next Annual General Meeting when such directors shall be eligible for election to a two year term. Co-opted directors shall serve as directors for such periods as determined by a majority of the Elected Directors and may be appointed or removed by majority vote of the Elected Directors
- 10.4 In addition to the circumstances set out in Regulation 81 of Table A, the office of a director shall be vacated if he is removed from that office in accordance with this Article.
- 10.5 The directors shall subject to Article 10.8 below not be subject to retirement by rotation and Regulations 73 to 80 (inclusive) and the last sentence of Regulation 84 of Table A shall not apply.
- 10.6 No director shall vacate his office or be ineligible for re-appointment as a director, nor shall any person be ineligible for appointment as a director, by reason only of his having attained a particular age.
- 10.7 At least 14 days notice, but not more than 35 days notice, to the secretary of the Company at its registered office is required of any resolution to appoint or remove any director, other than an Elected Director standing for re-election.
- 10.8 At the first AGM following adoption of these Articles, all the Elected Directors shall retire from office and at the next AGM one half of the Elected Directors shall retire from office, but if there is not an even number of Elected Directors, the number of Elected Directors to retire shall be rounded down to the nearest such number.
- 10.9 Subject to the provisions of the Act and to Article 10.8 above, the Elected Directors to retire by rotation shall be those who have been longest in office since the last appointment or re-appointment save that as between persons who became or were last to be reappointed directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot.

10.10 The Chairman, or in his absence the Vice Chairman shall be entitled to preside at all Board meetings and at the Executive Committee, but if no such Chairman or Vice Chairman is present within five minutes after the time appointed for holding the meeting, the directors present shall choose one of their number to be Chairman.

11. Alternate Directors

11.1 Regulation 65 to 69 of Table A shall not apply to the Company. A director shall not be entitled to appoint an alternate director.

12. Proceedings of Directors

12.1 The Board shall appoint from among its members a Chairman and Vice-Chairman by a majority vote, who shall in all cases be Elected Directors.

12.2 Notices of meetings of the Board shall be given to all directors and to any alternate directors appointed by them, Table A shall be amended accordingly.

12.3 No meeting of the Board may take place unless a quorum is present. A quorum is deemed to be present if at least a minimum of 4 directors are present in person or by telephone, at least 3 of whom are Elected Directors. Regulation 89 of Table A shall be amended accordingly.

12.4 A director who is in any way, whether directly or indirectly interested in any contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the directors in accordance with the Statutes.

12.5 Subject to such disclosure, a director may vote as a director on a resolution concerning any matter in which he has, directly or indirectly, an interest or duty and, if he votes, his votes shall be counted in the quorum when that resolution or matter is under consideration. Regulations 94 to 96 (inclusive) of Table A shall not apply.

12.6 Any Board member can give a proxy to any other Board member. A Board member is entitled to represent only one other Board member.

12.7 Regulation 93 of Table A (written resolutions of directors) shall apply as if the word "signed" included "approved by letter or facsimile".

12.8 A meeting of the directors may consist of a conference between directors, some or all of whom are in different places, provided that each director who participates is able:

12.8.1 to hear each of the other participating directors addressing the meeting; and

12.8.2 if he so wishes, to address all of the other participating directors simultaneously whether directly, by conference telephone or by any other form of communications equipment (whether or not such equipment is available when this Article is adopted) or by a combination of those methods.

12.9 A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the Chairman of the meeting participates.

13. Executive Committee

13.1 The Board shall delegate certain powers to the Executive Committee. The Executive Committee shall comprise the Chairman, Vice Chairman Treasurer and up to 2 other members of the Board, nominated by majority votes of the full Board.

13.2 The Executive Committee shall be responsible for day-to-day government. It may receive all payments, receipts and discharges and may delegate any power it determines to one of its members or to a third party, establish committees, working parties or advisory councils.

13.3 No meeting of the Executive Committee may take place unless a quorum is present. A quorum is deemed present if 3 of the members of the Executive Committee are present, the provisions of Article 12.8 and 12.9 shall apply to meetings of the Executive Committee.

14 Treasurer

The Board shall appoint a Treasurer from among its number who may be an Elected Director or Co-opted Member. The Treasurer shall be responsible for preparing the quarterly management accounts and the year end accounts and shall be a member of the Executive Committee.

15 Secretary

The Secretary shall be appointed by the Directors for such time at such remuneration and upon such conditions as they think fit and any Secretary so appointed may be removed by them. The provisions of Sections 283 and 284 of the Act shall apply and be observed. The Secretary shall attend all meetings of the Company and of the board but the Directors may from time to time 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.

16. Disciplinary and Membership Committee

The Board shall appoint a Disciplinary and Membership Committee comprising three Directors which will be responsible for determining and

enforcing the Code of Conduct and Disciplinary Procedure adopted by the Company from time to time.

17. Indemnity

Subject to the provisions of the Act, every Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.