

MANDATORY OFFER BYELAW

Commencement

This byelaw came into force on 14 April 1999.

Amendments

This byelaw was amended by

Mandatory Offer (Amendment) Byelaw (No. 10 of 1999)
Assignment of Syndicate Participations (Second Nomination) Byelaw (No. 6 of 2000)
Mandatory Offer (Amendment No. 2) Byelaw (No. 7 of 2000).

Explanatory Note

(This note is not part of the byelaw)

This byelaw (paragraph 10) revokes those parts of the Major Syndicate Transactions Byelaw (No. 18 of 1997) dealing with mandatory offers.

Subject to certain transitional provisions which are set out in Schedule 3, paragraph 2 of this byelaw requires a mandatory offer to be made when any person either alone or with his associates is or becomes entitled to participate in a syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75 per cent of the syndicate allocated capacity of that syndicate for the following year of account. In such circumstances, the mandatory offer must be made by:

- (a) the managing agent if it is connected to such person or any of his associates;
- (b) if the managing agent is not so connected, whoever of such person and his associates has the highest member's syndicate premium limit; or
- (c) whether or not the managing agent is so connected, such other person as the Council may specify on the application of that person.

Schedule 2 prescribes certain terms of the mandatory offer, but otherwise the offer need only be made in accordance with the conditions and requirements made under paragraph 5(1) of the Conversion and

Related Arrangements Byelaw (No. 22 of 1996) for the time being in force and as may be modified from time to time for the purposes of this byelaw.

Paragraph 3 prescribes the announcement that needs to be made when someone, either alone or with his associates, becomes entitled to not less than 75 per cent of the syndicate allocated capacity of a syndicate.

Paragraph 4 contains an exception to the requirement to make a mandatory offer. Generally, this provides that, once a mandatory offer has been made, no further mandatory offer is required provided the offeror, either alone or with his associates, remains entitled to not less than 75 per cent of the syndicate allocated capacity—where no offer is going to be made because of this paragraph, an announcement to that effect will be required each year.

Paragraph 5 provides that, where “capacity” has not been acquired for value in the 12 months preceding the date on which the mandatory offer threshold was passed, nor since that date, no mandatory offer is required to be made. An announcement must be made to this effect.

Paragraph 6 prescribes the procedure for obtaining a possibly indefinite waiver from the requirement to make a mandatory offer and the announcement that also needs to be made in connection with it. The Council of Lloyd’s in exercise of its powers under section 6(2) of Lloyd’s Act 1982 by special resolution hereby makes the following byelaw.

1. Interpretation

Schedule 1 to this byelaw (interpretation) shall have effect.

2. Obligation to make a mandatory offer

(1) Subject to the following provisions of this byelaw, if any person is or becomes entitled to participate in a syndicate for the next following year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the next following year of account then that person shall forthwith, or within such period as the Council may specify, make an invitation in accordance with Schedule 2 to this byelaw.

(2) Subject to the following provisions of this byelaw, if any person together with any associates (together referred to in this byelaw as an "associated group") is or becomes entitled to participate in a syndicate for the next following year of account with member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the next following year of account then:

- (a) if the managing agent of that syndicate is itself a company connected with any member of that associated group, the managing agent; or
- (b) if the managing agent of that syndicate is not so connected, that member of that associated group having the highest member's syndicate premium limit in relation to that syndicate for the next following year of account; or
- (c) whether or not the managing agent of that syndicate is so connected, such other member of that associated group as the Council may specify on written application by that person,

shall forthwith, or within such period as the Council may specify, make an invitation in accordance with Schedule 2 to this byelaw.

(3) For the purpose of sub-paragraphs (1) and (2), in calculating the member's syndicate premium limit of any person for the next following year of account, where the managing agent of the syndicate is a connected company of that person, there shall be included any portion of the syndicate allocated capacity of that syndicate for the next following year of account which is allocable at the discretion of that managing agent provided that such portion shall not be included more than once when calculating the aggregate member's syndicate premium limits of the members of an associated group.

(4) Where, under any approval granted under the Membership and Underwriting Requirements (Corporate Member), the same individual is permitted to act as

underwriter for two or more syndicates managed by the same managing agent, one of which consists only of a single corporate member and the other or others of which include individual members, this byelaw shall apply as if all the syndicates were the same syndicate.

- (5) Sub-paragraphs (1) and (2) shall apply subject to the transitional provisions set out in Schedule 3 to this byelaw.
3. Announcement about being or becoming entitled to not less than 75% of the syndicate allocated capacity of a syndicate
 - (1) Subject to sub-paragraph (4), the offeror shall forthwith after the later of:
 - (a) the date when the offeror (or, as the case may be, the associated group of which the offeror is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate; and
 - (b) 14 April 1999;

issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.

- (2) Subject to sub-paragraph (4), any person who would be required by paragraph 2(1) or 2(2) to make the mandatory offer but for paragraph 5 or 6 shall forthwith after the later of:
 - (a) the date when that person (or, as the case may be, the associated group of which that person is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate; and
 - (b) 14 April 1999;

issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.

- (3) The announcement referred to in sub-paragraphs (1) and (2) shall state that the offeror (or the person who would be required by paragraph 2(1) or 2(2) to make the mandatory

offer but for paragraph 5 or 6) either alone or together with any associates is entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the next following year of account.

- (4) Any offeror or other person required to make an announcement pursuant to this paragraph 3 need not make such an announcement if, before 14th April 1999, he (or any associate of his) has already issued, or caused to be issued, an announcement in the publication known as *Auction News* containing the information referred to in sub-paragraph (3).
4. Exception where a previous mandatory offer has been made
- (1) Paragraph 2 (Obligation to make a mandatory offer) shall not apply if:
 - (a) the offeror (or any associate of the offeror) has already made a mandatory offer to the category of persons referred to in paragraph 1(1)(c) of Schedule 2 to this byelaw; and
 - (b) after that offer was made, the offeror either alone or together with any associates continued to be entitled to participate in the syndicate for the next following year of account and each subsequent year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the then following year of account.
 - (2) Where sub-paragraph (1) applies, the person who would otherwise have to make the mandatory offer shall issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.
 - (3) The announcement referred to in sub-paragraph (2) shall state that the person who would otherwise have to make the mandatory offer but for sub-paragraph (1) is not required to make the mandatory offer and the reason therefor.
 - (4) Where an announcement has been made pursuant to sub-paragraph (2) and the reason stated in that announcement no longer applies, the offeror shall forthwith issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.

(5) The announcement referred to in sub-paragraph (4) shall state that the previous announcement no longer applies, the reason why and the consequences thereof.

5. Postponement of the requirement to make the mandatory offer

(1) Paragraph 2 (Obligation to make a mandatory offer) shall not apply if:

- (a) during the relevant period; and
- (b) since the end of the relevant period

no consideration has been paid by the potential offeror (or any associate of that potential offeror) for the surrender of (or making of a participation nomination or a second nomination in respect of) the whole or part of a person's prospective participation in relation to the syndicate.

(2) For the purpose of sub-paragraph (1), the "relevant period" is the period of 12 months ending on the date when the potential offeror (or, as the case may be, the associated group of which that potential offeror is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate.

(3) Where sub-paragraph (1) applies, the potential offeror shall forthwith after the later of:

- (a) the date when that potential offeror (or, as the case may be, the associated group of which that potential offeror is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate; and
- (b) 14th April 1999;

issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.

(4) The announcement referred to in sub-paragraph (3) shall state that the potential offeror is not required to make the mandatory offer and the reason therefor.

(5) Where sub-paragraph (1) applies, neither the potential offeror nor any associate of that potential offeror, shall be entitled to vote on:

- (a) any syndicate merger affecting the syndicate under Schedule 1 to the Major Syndicate Transactions Byelaw (No. 18 of 1997); or
 - (b) any proposed increase in the syndicate allocated capacity of the syndicate under paragraph 6 of the Syndicate Pre-Emption Byelaw (No. 19 of 1997).
- (6) Where an announcement has been made pursuant to sub-paragraph (3) and the reason stated in that announcement no longer applies, the offeror shall forthwith issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.
- (7) The announcement referred to in sub-paragraph (6) shall state that the previous announcement no longer applies, the reason why and the consequences thereof.
6. Waiver of the requirement to make the mandatory offer
- (1) Paragraph 2 (Obligation to make a mandatory offer) shall not apply if:
- (a) the potential offeror obtains or has previously obtained the requisite level of approval; and
 - (b) since the ballot referred to in sub-paragraph (8) relating to that approval, the potential offeror either alone or together with any associates continued to be entitled to participate in the syndicate for the next following year of account and each subsequent year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the then following year of account.
- (2) For the purpose of sub-paragraph (1)(a), the "requisite level of approval" is or will have previously been obtained if the aggregate of the member's syndicate premium limits in relation to the syndicate for the year of account following that in which the ballot referred to in sub-paragraph (8) relating to that approval is or was held of those voting in favour of the waiver in that ballot is not less than three quarters of the aggregate of the member's syndicate premium limits in relation to the syndicate for that year of account of all those voting in that ballot.
- (3) If the potential offeror wishes to seek a waiver of the requirement to make the mandatory offer, he shall for the purpose of considering and voting upon the waiver convene a meeting of those persons referred to in paragraph 1(1)(c) of Schedule 2 to this byelaw except any person to whom the mandatory offer would be made by virtue only of his participation in a MAPA.

- (4) The meeting referred to in sub-paragraph (3) shall be convened for a date not more than 35 days after the later of:
- (a) the date when the potential offeror (or, as the case may be, the associated group of which that potential offeror is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate; and
 - (b) 14th April 1999.
- (5) Not less than 21 days before the meeting and the latest date by which postal votes are to be returned, the potential offeror shall give written notice of the meeting, and of the latest date by which postal votes are to be returned, to:
- (a) those persons referred to in sub-paragraph (3);
 - (b) every members' agent which acts as such for any of the persons referred to in sub-paragraph (3); and
 - (c) every Lloyd's adviser of any of the persons referred to in sub-paragraph (3).
- (6) Notice given under sub-paragraph (5) shall be accompanied by a document which:
- (a) is fair, accurate and not misleading;
 - (b) contains all such information as the persons referred to in sub-paragraph (3) (and their professional advisers) would reasonably require and expect to find there for the purpose of making an informed assessment of whether or not to vote in favour of the waiver and its effect on them and, in particular, the identities of the potential offeror and his associates, the amount of their respective member's syndicate premium limits and, if the managing agent is connected with the potential offeror or any of his associates, the portion of the syndicate allocated capacity of the syndicate allocable at the discretion of the managing agent;
 - (c) contains a declaration in the following form:
“The [directors of] [partners in] [name of potential offeror], whose names appear on page [], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the [directors] [partners] (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.”;
 - (d) states that those entitled to be called to the meeting under sub-paragraph (3) should consult their member's agent or Lloyd's adviser if they are in any doubt as to the contents of the document or as to the action they should take;

- (e) contains such other additional information as the Council may from time to time prescribe or require; and
 - (f) has been approved in advance by the Conversion Official.
- (7) Notice given under sub-paragraph (5)(a) or (b) shall also be accompanied by a voting form and a proxy form in such form respectively as the Council may prescribe.
- (8) The potential offeror shall conduct a ballot of those persons entitled to be called to the meeting under sub-paragraph (3) and of the members' agents which operate MAPAs through which any persons referred to in (and including those excepted by) sub-paragraph (3) participate in the syndicate.
- (9) Votes may be cast in the ballot in person or by proxy at the meeting or by post.
- (10) All expenses of the meeting and of administering the ballot shall be borne by the potential offeror.
- (11) Every members' agent which operates a MAPA through which any of the persons referred to in (and including those excepted by) sub-paragraph (3) participate in the syndicate shall within 21 days after the ballot inform those persons in writing whether it voted for or against the proposed waiver and shall state the reasons for its decision.
- (12) Where sub-paragraph (1) applies, the potential offeror shall issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.
- (13) The announcement referred to in sub-paragraph (12) shall state that the potential offeror is not required to make the mandatory offer and the reason therefor.
- (14) Where an announcement has been made pursuant to sub-paragraph (12) and the reason stated in that announcement no longer applies, the offeror shall forthwith issue, or cause to be issued, an announcement in the publication known as *Auction News* or in such other manner and in such other publication as the Council may approve.
- (15) The announcement referred to in sub-paragraph (14) shall state that the previous announcement no longer applies, the reason why and the consequences thereof.

7. Statements of Principle

Subject to any other provision of this byelaw, the statements of principle set out in Schedule 5 to the Major Syndicate Transactions Byelaw (No. 18 of 1997) shall apply to any mandatory offer.

8. Conversion and Related Arrangements Byelaw (No. 22 of 1996)

The Council may for the purposes of this byelaw modify any conditions and requirements made under paragraph 5(1) of the Conversion and Related Arrangements Byelaw (No. 22 of 1996).

9. Powers cumulative

- (1) Except in so far as it is expressly otherwise provided, any power conferred on the Council by any provision of this byelaw, and any duty imposed on any person by any provision of this byelaw, is in addition to, and shall not be construed as limiting or being limited by, any other power of the Council, or any other duty of any managing agent, members' agent or any director, officer or employee of, or partner in, any managing agent or members' agent, whether conferred or imposed by any other provision of this byelaw or otherwise.
- (2) Except in so far as it is expressly otherwise provided in such agreement, no power, right, entitlement or privilege conferred on any member by the provisions of any agreement in the form of the standard managing agent's agreement or under the Agency Agreements Byelaw (No. 8 of 1988) shall be construed as being limited by any provision of this byelaw.

10. Revocations

Paragraph 3 of, and Schedule 3 to, the Major Syndicate Transactions Byelaw (No. 18 of 1997) are revoked.

11. Commencement

This byelaw shall come into force on 14th April 1999.

Schedule 1 - Interpretation Paragraph 1

1. In this byelaw, unless the context otherwise requires:

“associate” means, in relation to a person:

- (a) any director or employee of, or partner in, that person or any connected company;
- (b) any close relative of any such director, partner or employee; or
- (c) any connected company;

“associated group” has the meaning given in paragraph 2(2) of this byelaw;

“close relative” means an individual’s spouse, his children and step-children, his parents and step-parents, his brothers and sisters and his step-brothers and step-sisters;

“connected company” means, in relation to any person, any body corporate which controls or is controlled by that person or is controlled by any other person (or any group of persons) who also controls that person, and any reference to a company being “connected with” a person shall be construed accordingly;

“control” has the meaning given in the Schedule to the Membership Byelaw (No. 17 of 1993);

“mandatory offer” means an invitation required to be made by paragraph 2(1) or 2(2) of this byelaw;

“member’s syndicate premium limit” has the meaning given in the Schedule to the Membership Byelaw (No. 17 of 1993);

“offeror” means the person required by paragraph 2(1) or 2(2) of this byelaw to make the mandatory offer;

“participation nomination” has the meaning given in the Schedule to the Conversion and Related Arrangements Byelaw (No. 22 of 1993);

“potential offeror” means, when used in paragraph 5 of this byelaw, the person who would be required by paragraph 2(1) or 2(2) of this byelaw to make the mandatory offer but for that paragraph 5 and, when used in paragraph 6 of this byelaw, the person who would be required by paragraph 2(1) or 2(2) of this byelaw to make the mandatory offer but for that paragraph 6;

“prospective participation” means, in relation to a syndicate, the amount of the member’s syndicate premium limit with which a person will be entitled to participate as a member of that syndicate for the next following year of account;

“second nomination” has the meaning given in the Schedule to the Assignment of Syndicate Participations (Second Nomination) Byelaw (No. 6 of 2000);

“share swap arrangement” has the meaning given in the Schedule to the Conversion and Related Arrangements Byelaw (No. 22 of 1996);

“surrender arrangement” has the meaning given in the Schedule to the Conversion and Related Arrangements Byelaw (No. 22 of 1996);

“syndicate allocated capacity” has the meaning given in paragraph 1(a) of the Syndicate Premium Income Byelaw (No. 6 of 1984).

Schedule 2 - Mandatory Offer Paragraph 2

1. Terms of mandatory offer

(1) Subject to the provisions of this byelaw, a mandatory offer shall:

- (a) comply with the conditions and requirements made under paragraph 5(1) of the Conversion and Related Arrangements Byelaw (No. 22 of 1996) for the time being in force and applicable to surrender arrangements or share swap arrangements, as may be modified from time to time for the purposes of this byelaw;
- (b) in the case of an invitation to participate in a share swap arrangement, permit the persons to whom it is made to receive cash instead of the securities they would have received if they had participated in that share swap arrangement;
- (c) be made to every other person who, at the time that offer is made is entitled to make a participation nomination and/or second nomination in respect of the syndicate to which that offer relates other than any person who:
 - (i) is an associate of the offeror; or
 - (ii) has been specified by the Council as a person who, by reason of the law of any foreign jurisdiction where he is resident or domiciled, should not receive such an offer;
- (d) invite each of the persons referred to in sub-paragraph (1)(c) to participate in a share swap arrangement or surrender arrangement to the full extent of their entitlement to do so;
- (e) state that the offeror (or, as the case may be, an associate or associates of the offeror) is or are entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the next following year of account; and
- (f) not be conditional as to acceptances.

2. Consideration for mandatory offer

(1) Subject to sub-paragraphs (2) and (2A), the value of the consideration payable by the offeror shall be not less than the higher of:

- (a) the highest price paid during the relevant period by the offeror for, and

- (b) the highest price paid during the relevant period by any associate of the offeror for the surrender of (or making of a participation nomination or a second nomination in respect of) the whole or part of a person's prospective participation in relation to the syndicate.
- (2) The Council may, if it thinks fit, on the written application of the offeror agree that the consideration should be of such lower value than that required by sub-paragraph (1) as the Council may specify.
- (2A) Subject to sub-paragraph (2B), if during the relevant period the managing agent increases or reduces the syndicate allocated capacity of the syndicate for the succeeding year of account, the Council may, if it thinks fit, on its own volition or on the written application by or on behalf of any of the persons referred to in sub-paragraph 1(1)(c) of Schedule 2, require that the consideration should be of such higher value than that required by sub-paragraph (1) or agreed to under sub-paragraph (2) as the Council may specify.
- (2B) Sub-paragraph (2A) shall not apply to any increase or reduction in the syndicate allocated capacity of the syndicate for the succeeding year of account before 16th June 1999;
- (3) For the purposes of sub-paragraphs (1) and (2A), but subject to sub-paragraph (4), the "relevant period" is the period beginning twelve months before the date when the offeror (or, as the case may be, the associated group of which the offeror is a member) became entitled to participate in the syndicate for the next following year of account with a member's syndicate premium limit or, as the case may be, member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate and ending on the date when the mandatory offer ceases to be open for acceptance.
- (4) If, pursuant to paragraph 3 of Schedule 2, the Council gave permission for the offeror to postpone the making of the mandatory offer from 1999 to 2000, the "relevant period" is the period beginning twelve months before the date when the offeror makes the mandatory offer and ending on the date when the mandatory offer ceases to be open for acceptance.

3. Late offers

Where compliance with the conditions and requirements made under paragraph 5(1) of the Conversion and Related Arrangements Byelaw (No. 22 of 1996) within the periods

prescribed therein (as extended in accordance therewith) is impractical the Council may permit the making of the mandatory offer to be postponed until the following year.

Schedule 3 - Transitional Provisions Paragraph 2(5)

1. In relation to a person who on 1st April 1998 was entitled to participate in the syndicate for the 1999 year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account, paragraph 2(1) of this byelaw shall not apply if:
 - (a) on 1st April 1999 that person was entitled to participate in that syndicate for the 2000 year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the 2000 year of account (such proportion at that date being referred to as the "initial 2000 share") and
 - (b) after 1st April 1999 that person has not become or does not become entitled to participate in that syndicate for the 2000 year of account or any subsequent year of account with a member's syndicate premium limit which as a proportion of the syndicate allocated capacity of that syndicate for that year of account is greater than the initial 2000 share.

2. In relation to an associated group, if:
 - (a) on 1st April 1998, any member of that associated group was entitled to participate in the syndicate for the 1999 year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account; and
 - (b) on 22nd July 1998, the members of that associated group were entitled to participate in the syndicate for the 1999 year of account with member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account,

sub-paragraph 2(2) of this byelaw shall not apply only if:

 - (c) on 1st April 1999 that associated group was entitled to participate in that syndicate for the 2000 year of account with member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the 2000 year of account (such proportion at that date being referred to as the "initial 2000 share"); and
 - (d) after 1st April 1999 that associated group has not become or does not become entitled to participate in that syndicate for the 2000 year of account or any subsequent year of account with member's syndicate premium limits which in aggregate as a proportion of the syndicate allocated capacity of that syndicate for that year of account are greater than the initial 2000 share.

3. In relation to an associated group, if:

- (a) on 1st April 1998, any member of that associated group was entitled to participate in the syndicate for the 1999 year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account; and
- (b) on 22nd July 1998, the members of that associated group were entitled to participate in the syndicate for the 1999 year of account with member's syndicate premium limits in aggregate not less than 90% of the syndicate allocated capacity of that syndicate for the 1999 year of account,

sub-paragraph 2(2) of this byelaw shall apply only if there was or is after 22nd July 1998 an increase in the aggregate amount of the member's syndicate premium limits with which that associated group was or will be entitled to participate in that syndicate for the next following year of account or any subsequent year of account.

4. In relation to an associated group, if:

- (a) on 1st April 1998, no member of that associated group was entitled to participate in the syndicate for the 1999 year of account with a member's syndicate premium limit not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account; and
- (b) on 22nd July 1998, the members of that associated group were entitled to participate in the syndicate for the 1999 year of account with member's syndicate premium limits in aggregate not less than 75% of the syndicate allocated capacity of that syndicate for the 1999 year of account,

sub-paragraph 2(2) of this byelaw shall apply only if there was or is after 22 July 1998 an increase in the aggregate amount of the member's syndicate premium limits with which that associated group was or will be entitled to participate in that syndicate for the next following year of account or any subsequent year of account.