

MEMBERSHIP CENTRAL FUND AND SUBSCRIPTIONS (MISCELLANEOUS PROVISIONS) BYELAW

Commencement

This byelaw came into force on 8 September 1993.

Amendments

This byelaw was amended by

Membership, Central Fund and Subscriptions (Miscellaneous Provisions (Amendment) Byelaw (No. 2 of 1996)

Annual and Extraordinary General Meetings Byelaw (No. 17 of 1996)

New Central Fund Byelaw (No. 23 of 1996)

Agency Agreements (Amendment No. 15) Byelaw (No. 10 of 1997)

Agency Agreements (Amendment No. 20) Byelaw (No. 6 of 1999).

Explanatory Note

(This note is not part of the byelaw)

This byelaw authorises the Council to enter into agreements capping members' subscriptions and contributions to Lloyd's Central Fund. The byelaw provides that, where subscriptions or contributions to the Lloyd's Central Fund have been capped, any increase must be approved by a majority of the members liable to pay the increased subscription or contribution at a general meeting held for the purpose. The byelaw makes provision for the holding and conduct of such meetings.

The Council of Lloyd's in exercise of its powers under section 6(2) of, and paragraphs (1) and (4) of Schedule 2 to, Lloyd's Act 1982 by special resolution hereby makes the following byelaw.

1. Interpretation

(1) In this byelaw

- (a) “Central Fund” means the fund held, managed and applied by the Society pursuant to the Central Fund Byelaw (No. 4 of 1996);
- (b) “New Central Fund” means the fund held, managed and applied by the Society pursuant to the New Central Fund Byelaw (No. 23 of 1996).

(2) References in this byelaw to contributions to the Central Fund or the New Central Fund do not include any contribution payable under the Syndicate Premium Income Byelaw (No. 6 of 1984).

2. Agreements to limit contributions

(1) Subject to sub-paragraphs (3) and (4), the Council may upon admitting a person to membership of the Society, or at any time while a person remains a member of the Society, enter into an agreement with, or give an undertaking in favour of, that person (in this paragraph called “the member”) containing all or any of such provisions as are described in sub-paragraph (2) together with any such other provisions as the Council and the member may agree.

(2) The provisions referred to in sub-paragraph (1) are

- (a) the grant by the Council to the member, in such terms and to such an extent as may be specified in the agreement or undertaking, of any such exemption or exemptions as are referred to in paragraph 4 of the Central Fund Byelaw (No. 4 of 1986), paragraph 4 of the New Central Fund Byelaw (No. 23 of 1996) and paragraph 2 of the Membership (Entrance Fees and Annual Subscriptions) Byelaw (No. 9 of 1987);
- (b) an undertaking by the Council that it will not exercise the powers conferred by the Central Fund Byelaw (No. 4 of 1986), the New Central Fund Byelaw (No. 23 of 1996) and the Membership (Entrance Fees and Annual Subscriptions) Byelaw (No. 9 of 1987), or such of those powers as may be specified in the agreement or undertaking, unless some specified event has first happened or some specified condition has first been satisfied (and such specified event or condition may include the prior approval of the proposed exercise of the power by members of the Society, or any class, category or description of members of the Society, by such majority and in such manner (whether at a meeting (including a meeting held under paragraph 3 of this byelaw) or otherwise) as may be so specified);

- (c) an undertaking by the Council that it will give to the member prior notice, of such a period as may be specified in the agreement or undertaking, of the proposed level of any contribution to the Central Fund or the New Central Fund or of the annual subscription for any year and that, save in such circumstances and to such an extent (if any) as may be so specified, such contribution or annual subscription will not exceed the level referred to in the notice;
 - (d) an undertaking by the Council that for such period as may be specified any Central Fund contributions, New Central Fund contributions or annual subscriptions will be determined or calculated on such basis as may be specified;
 - (e) an undertaking by the Council that it will, in such circumstances as may be specified in the agreement or undertaking, exercise its powers under the Membership Byelaw (No. 17 of 1993) and its powers under the Agency Agreements Byelaw (No. 8 of 1988), or under any agreement in a form prescribed under those byelaws, so as to enable the member to
 - (i) give a notice of resignation under paragraph 40 of the Membership Byelaw (No. 17 of 1993) which will cause the member to become a non-underwriting member at the end of the year in which the notice is given notwithstanding that it is given after 20th October of that year;
 - (ii) terminate his participation in any syndicate by shorter notice than that which would otherwise be required;
 - (f) an undertaking by the member that he will make, or will if so required by the Council make, contributions to the Central Fund or the New Central Fund in such circumstances and in such amounts as may be specified in the agreement.
- (3) An agreement which includes a provision such as is described in sub-paragraph (2)(a) or (b) shall not be entered into except with the prior sanction of a special resolution of the Council.
- (4) A special resolution passed for the purposes of sub-paragraph (3) may relate to a proposed agreement with or undertaking in favour of a particular member or may relate generally to such proposed agreements with or undertakings in favour of members, or members of such classes or description, as may be specified; and any exemption granted under this paragraph with the sanction of such a special resolution shall for the purposes of paragraph 4 of the Central Fund Byelaw (No. 4 of 1986), paragraph 4 of the New Central Fund Byelaw (No. 23 of 1996) or, as the case may be, paragraph 2 of the Membership (Entrance Fees and Annual Subscriptions) Byelaw (No. 9 of 1987) be treated as granted by special resolution.

3. Meetings of members
 - (1) Without limiting the generality of paragraph 2(2)(b), approval of a proposed exercise by the Council of its powers to levy contributions to the Central Fund or the New Central Fund or to prescribe the level of annual subscriptions (each a ‘‘relevant power’’) may, if an undertaking given by the Council under that paragraph so provides, be given at a meeting of members held in accordance with the following provisions of this paragraph.
 - (2) A member of the Society shall be entitled to attend and vote at the meeting if, but only if, he satisfies the following conditions
 - (a) he will, if the Council exercises the relevant power in the manner proposed, be liable to pay the Central Fund contribution, New Central Fund contribution or annual subscription to which the proposed exercise relates; and
 - (b) he is a person to whom the Council has undertaken under paragraph 2(2)(b) that it will not exercise the relevant power in the manner and in the circumstances proposed without the prior approval of a resolution passed at a meeting held under this paragraph.
 - (3) Paragraphs 3(3), 3(4), 4(2), 11, 15 and 16 of the Annual and Extraordinary General Meetings Byelaw (No. 17 of 1996) shall apply to a meeting held under this paragraph as though it were a general meeting of the Society.
 - (3A) Paragraph 7 of the Annual and Extraordinary General Meetings Byelaw (No. 17 of 1996) shall apply to a meeting held under this paragraph as though it were a General Meeting of the Society provided that where two or more meetings under that byelaw or this paragraph are to be held on the same day the Council may, for the purposes of paragraph 7(3) prescribe in respect of each such meeting a period of 48 hours before the first of such meetings.
 - (4)
 - (a) Each member of the Society who is qualified to attend and vote at a meeting under this paragraph may appoint any member of the Society, but no other person, as his proxy to attend, speak and vote in his stead.
 - (b) An instrument appointing a proxy for use at a meeting under this paragraph shall be in such form and shall be signed or executed in such manner as the Council or the Secretary to the Council or other person duly authorised by the Council may from time to time prescribe or allow and each member of the Society who is qualified to attend and vote at a meeting under this paragraph shall with the notice convening the meeting be sent an instrument of proxy so prescribed.
 - (c) The instrument appointing a proxy and any authority under which it is executed or a copy of such authority duly certified in a manner approved by the Council

shall be lodged with the Secretary to the Council or other person duly authorised by the Council at such address as the Council shall specify not less than 48 before the time for holding the meeting at which it is to be used and an instrument of proxy which is not so lodged shall be invalid; provided that where two or more meetings under the Annual and Extraordinary General Meetings Byelaw (No. 17 of 1996) or this paragraph are to be held on the same day the Council may in respect of each such meeting prescribe a period of 48 hours before the first of such meetings. The Council may, in such cases and on such conditions as it may from time to time specify, allow the instrument appointing a proxy and a duly certified copy of any authority under which it is executed to be returned to the Secretary to the Council or other person duly authorised by the Council by means of facsimile transmission and may also confer on the Secretary to the Council or such other person authority to accept such an instrument and duly certified copy returned by facsimile transmission in any other case.

- (d) The appointment of a proxy shall not preclude a member who is qualified to attend and vote at the meeting from attending and voting in person but if the member votes in person the proxy shall not be entitled to vote on behalf of the member.
- (5) The quorum of members necessary for the holding of a meeting under this paragraph shall be a member or members present in person or by proxy who satisfy the conditions specified in sub-paragraph (2) and who when taken together will be liable to pay not less than one-tenth of the aggregate Central Fund contribution, New Central Fund contribution or annual subscription to which the proposed exercise of the powers of the Council relates.
- (6) Subject to sub-paragraph (6A), every resolution proposed at a meeting held under this paragraph shall be decided upon by a ballot of those members of the Society who are qualified to attend and vote at the meeting and such members may cast their votes in person or by proxy. The ballot shall be taken at the end of the meeting or at such other time as the chairman of the meeting may direct and shall be taken in such manner as the chairman of the meeting shall direct.
- (6A) Every resolution proposed at a meeting held under this paragraph other than a resolution for the approval of the proposed exercise of a relevant power shall be decided on a show of hands unless before, or at the declaration of the result of, the show of hands a ballot of those members of the Society who are entitled to attend and vote at the meeting is called for by the chairman of the meeting. The ballot shall be taken at the end of the meeting or at such time as the chairman of the meeting may direct and shall be taken in such manner as the chairman shall direct. Each member of the Society who is entitled to attend and vote at the meeting may cast his votes in person or by proxy.

- (7) Each member who is qualified to attend and vote at a meeting held under this paragraph shall have one vote for each whole £100 of Central Fund contribution, New Central Fund contribution or (as the case may be) annual subscription which he will be liable to pay if the Council exercises its powers in the manner proposed.
- (8) A resolution proposed at a meeting held under this paragraph shall be passed if a simple majority of the votes cast are cast in favour of it.

4. Agreements to make Central Fund contributions

Where a member has entered into such an undertaking as is referred to in paragraph 2(2)(f), that member shall make contributions to the Central Fund or the New Central Fund in such amounts and in such circumstances as are specified in the undertaking, irrespective of whether such contributions are or could otherwise have been required under the Central Fund Byelaw (No. 4 of 1986) or, as the case may be, the New Central Fund Byelaw (No. 23 of 1996).

5. Other powers of Council not limited

The powers conferred by this byelaw are additional to those conferred by the Central Fund Byelaw (No. 4 of 1986), the New Central Fund Byelaw (No. 23 of 1996) and the Membership (Entrance Fees and Annual Subscriptions) Byelaw (No. 9 of 1987) and shall not be construed as restricting or limiting the powers of the Council under those byelaws or any other powers of the Council except to the extent expressly provided in this byelaw.

6. Commencement

This byelaw shall come into force on 8 September 1993.