



Registered No. 9915820

Articles of Association

of

**International Health Terminology Standards Development Organisation
(the “Association”)**

(IHTSDO)

Version 2.2

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1. Name, Place of Business and Governing Law

1.1 The name of the Association is the “International Health Terminology Standards Development Organisation” (the “**IHTSDO**”, referred to in these Articles as the “**Association**”).

1.2 The Association has its place of business in London, the United Kingdom.

1.3 The Association is incorporated and established under the Companies Act 2006.

1.4 No regulations or model articles contained in any statute or subordinate legislation, including those contained in the Model Articles, apply to the Association.

1.5 The Association trades under the name (“trades as”) “SNOMED International”.

2. Objects, Principles and Powers of the Association

2.1 Objects

The Objects of the Association are the advancement of the health of humankind, in particular by facilitating better health information management and by that means and otherwise contributing to the improved delivery of care by clinical and social care professions, including through:

2.1.1 facilitating the accurate sharing of clinical and related health information, and the semantic interoperability of health records;

2.1.2 encouraging global collaboration and cooperation with respect to the ongoing improvement of the consistent use of health terminologies and standards; and

2.1.3 providing the foregoing on a globally coordinated basis and taking account of public benefit and commercial considerations of concern to each Member and in each Member Territory.

2.2 Principles

The Association shall, in pursuing its Objects, apply the following Principles:

2.2.1 The Association will seek to govern itself and conduct all of its activities in accordance with principles of openness, fairness, transparency and accountability to its Members.

2.2.2 The Association will seek to conduct all of its activities in a prudent, responsible and ethical manner that is conducive to ensuring its long-term viability, and the overall value and utility of its activities.

2.2.3 The Association will seek to work with other parties relevant to achieving its Objects in a spirit of collaboration and will, as appropriate, seek to facilitate interoperability of its Terminology Products with other relevant standards and products.

2.2.4 The Association will seek to encourage intellectual contributions to the Terminology Products from other entities upon terms that permit such other entities to use and distribute their own work for any purpose that is consistent with the Association's Objects.

2.2.5 The Association will engage with its Members collaboratively, consistently and transparently.

2.3 **Powers**

2.3.1 In pursuance of the Association's Objects as set out in article 2.1, the Association has the power to:

- (a) acquire, own and administer the rights to SNOMED CT, other health terminologies and/or related standards, and other relevant assets (collectively, the "**Terminology Products**") and develop, maintain, promote and enable the uptake and correct use of its Terminology Products in health systems, services and products around the world (the "**Purpose**");
- (b) publicise, publish, educate, examine, research and survey and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the Directors, affect or advance the Association's Objects in any way;
- (c) pay any expenses incurred in connection with the formation of the Association;
- (d) deal with property as the Directors think fit;
- (e) borrow, give security for any purpose (including investment);
- (f) invest the Association's assets in or upon any investments, securities, or property and through any nominee arrangement;
- (g) lend, give credit, take security and guarantee or give security for the performance of obligations by any person;
- (h) amalgamate with any entity;
- (i) take out any general insurance and provide indemnity insurance for the Directors or any other officer of the Association; and
- (j) do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the Association's Objects.

2.4 **Income**

2.4.1 The income and property of the Association shall be applied solely in promoting the Objects of the Association.

- 2.4.2 No part of the income and property of the Association may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to any Member of the Association, or as remuneration or other personal benefit to any Director. This shall not prevent any payment in good faith by the Association of:
- (a) any payments made to any Member for the purpose of the collaborative promotion of the Objects;
 - (b) interest at a reasonable and proper rate on money lent by any Member to the Association;
 - (c) any reasonable and proper rent for premises let by any Member to the Association;
 - (d) a request for a Fee Offset in accordance with article 7.5 and Schedule 2 of these Articles;
 - (e) the payment of reasonable and proper expenses incurred in the performance of their duties to Directors; or
 - (f) payment in the best interests of the Association, of reasonable payments, to one or more Directors, subject to appropriate conflict of interest management procedures, recognising the particular demands of acting as a Director of an international business.

3. **Guarantee and Members' Liability**

- 3.1 The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Association in the event of its being wound up while it is a Member or within one year after it ceases to be a Member, for:
- (a) payment of the Association's debts and liabilities contracted before it ceases to be a Member;
 - (b) payment of the costs, charges and expenses of the winding up; and
 - (c) adjustment of the rights of the contributories among themselves.
- 3.2 Members shall not be liable for any acts or omissions by the Association or any of its Directors, or, other than as provided in article 3.1, be deemed to be guarantors of any liabilities or obligations of the Association or any of its Directors.
- 3.3 Subject to article 3.1, Members shall not be liable to contribute to or account for any deficit in the Association's assets, and shall not be called upon to meet, satisfy or contribute towards the Association's liabilities in the event of the liquidation, dissolution or termination of the Association.
- 3.4 Subject to article 3.1, each Member's liability towards and in relation to the Association shall be limited to (x) any Fees which have become due and payable to the Association

by such Member in accordance with the requirements set forth in these Articles and which remain outstanding and unpaid (including interest thereon, to the extent provided for herein) or, (y) if applicable, any payments due by such Member as contemplated by article 7.6.

3.5 Without limiting the generality of articles 3.1 to 3.4, in no event shall a Member be liable for or in respect of any act or omission of any Director or other Nominated Person appointed or nominated by, or affiliated with, such Member.

3.6 The limitations set forth in this article 3 shall not apply to, or limit the liability of, any Member under any agreement between it and the Association or in respect of any breach by any Member of any such agreement or any of these Articles, or of the Regulations.

4. **Members**

4.1 **Membership Principles**

4.1.1 There shall only be one Member at any time for or in respect of a single Territory. No person or entity may be a Member other than as a Member for or in respect of a specific Territory.

4.1.2 A country, nation or state shall be a Territory for the purposes of these Articles (and in particular for the purposes of the definition of the term "Territory"), and any geographical area shall be a Territory for the purposes of these Articles (and in particular for the purposes of the definition of the term "Territory"), only if and for so long as such country, nation, state or geographical area is a voting member of the United Nations, unless otherwise determined by the General Assembly. In the event that any such country, nation or state or geographical area ceases to be a voting member of the United Nations, it shall cease to be a Territory for the purposes of these Articles, unless otherwise determined by the General Assembly.

4.1.3 The country, nation, state or geographical area which is a Territory for purposes of these Articles and in respect of which a Member has been admitted as a member of The Association is referred to as that Member's "**Principal Nation**". The Territory of a Member may, if proposed by the Member and not disallowed by the Management Board, be deemed to include, in addition to the Member's Principal Nation, any country, nation, state or geographical area (w) which is a protectorate, colony or dependency of such Principal Nation, (x) which shares its legal system with that of such Principal Nation (y) the laws and courts of which are established by, or subject to the appeal and review to, those of such Principal Nation, or (z) for which the Principal Nation generally acts in international affairs.

4.1.4 The Management Board will keep a current and accurate record of all Members of the Association.

4.1.5 Any reference in these Articles to any matter being agreed, approved, determined or decided by the Members (or words having a similar meaning) is, except where otherwise

stated, and subject to applicable law, a reference to that matter being agreed by the General Assembly in accordance with clause 9 of these Articles.

4.2 **Member Criteria**

4.2.1 To be eligible to be a Member for or in respect of a specific Territory, an applicant must confirm its collaborative commitment to the Objects and be:

- (a) either:
 - i. an agency of the national government of that Territory acting within its authority; or
 - ii. a corporation or other duly constituted body (including a regional government or statutory corporation); and
- (b) appropriately endorsed by the national government of that Territory, or an appropriate agency or authority within such national government, as being:
 - i. suitable to be the Member for and in respect of that Territory; and
 - ii. an organisation whose responsibilities and authorities appropriately include establishing, monitoring, promoting or regulating concept-based systems of clinical terminology for or within that Territory.

4.2.2 To become a Member, an applicant must:

- (a) apply in writing to the Association using such form, and accompanied by such information, as the Management Board may prescribe (and which may vary by applicant):
 - i. demonstrating fulfilment of the eligibility criteria set out in article 4.2.1 of these Articles; and
 - ii. agreeing to be bound by these Articles (including its Schedules), any other policies or other requirements specifically referred to in these Articles, and the Regulations;
- (b) be accepted as a Member of the Association by decision of the Management Board (which decision shall be subject to the reasonable discretion of the Management Board, except as otherwise provided in article 4.2.4); and
- (c) pay within 30 days of such acceptance by the Management Board both:
 - i. a Joining Fee as specified in article 7.2; and
 - ii. any of the Member's Annual Fees due for such financial year in which such Member is admitted subject to pro ration as set out in article 7.2.3. The Member's Annual Fees for such financial year shall be calculated

using the MGNI of the Member and same Aggregate Annual Fee and the same AGNI, in accordance with Schedule 2, as was used to calculate the Annual Fees for existing members for the financial year in question.

4.2.3 The Management Board may either extend the 30 day period referred to in article 4.2.2(c) in its sole discretion, or delegate the decision under this article 4.2.3 to either the Chair of the Management Board or a Committee on such terms as the Management Board deems appropriate.

4.2.4 Where an applicant seeks to be admitted as a Member for or in respect of a Territory where the prior Member for or in respect of that Territory has been cancelled pursuant to article 4.4.3, then the Management Board may require the applicant to provide such additional information, surety or guarantees as it deems necessary or appropriate (in its discretion) in light of the circumstances which led to the previous membership being cancelled. The Management Board has sole discretion in determining whether to approve any such application.

4.3 **Replacement of Members**

4.3.1 A Member may, by written application to the Management Board, nominate a replacement for itself as the Member for or in respect of its Territory (a "**Nominee**"). The Management Board will admit the Nominee as the Member for or in respect of that Territory, provided that the Nominee:

- (a) demonstrates fulfilment of the eligibility criteria set out in article 4.2.1 of these Articles;
- (b) agrees to be bound by these Articles (including its Schedules), any other policies or other requirements specifically referred to in these Articles, and the Regulations; and
- (c) agrees to assume all rights, obligations and liabilities of the Member which it is replacing, in relation to the Association and/or under those Articles and the other instruments referred to in article 4.3.14.3.1(b).

4.4 **Cessation of Membership**

4.4.1 Cessation of a Member's membership shall occur upon the earliest of the following:

- (a) the Member is replaced by another Member in accordance with article 4.3 of these Articles;
- (b) the Member's membership is cancelled in accordance with article 4.4.3 of these Articles;
- (c) the Member's resignation is presented and takes effect in accordance with article 4.4.4 of these Articles;

- (d) the Member's membership ceases in accordance with article 4.5 of these Articles; or
 - (e) an endorsement is changed or withdrawn in accordance with article 4.6 of these Articles.
- 4.4.2 Membership may only be transferred in accordance with the process for replacement of a Member set out in article 4.3 of these Articles.
- 4.4.3 A Member may have its membership cancelled by a two-thirds majority of votes cast by Nominated Representatives at a General Assembly, under the following circumstances and in accordance with the following procedures:
- (a) the Member:
 - i. has committed a material breach of these Articles, any other policies, instruments or requirements referred to in these Articles, or the Regulations;
 - ii. has in a material respect acted in a manner detrimental to the Association or the interests of the Association;
 - iii. is subject to an Insolvency Event, or becomes legally incapable of meeting the obligations of a Member; or
 - iv. fails to pay any part of the Member's Fees (including accrued interest thereon) when due, in the case of Fees other than the Annual Fee, or in the case of the Annual Fee, by 30 June of the year in which such Annual Fee is due; and
 - (b) the Management Board has notified the Member in writing that it considers that an event specified in paragraph (a) has occurred; and
 - (c) in the case of an event specified in sub-paragraphs (i) or (ii) of paragraph (a), the breach or action is either incapable of remedy or is not remedied within 30 days following notice under paragraph (b); and
 - (d) the disputes resolution procedure set out in article 15 of these Articles has been duly applied, if it has been invoked; and
 - (e) the Management Board, having examined the actions of the Member concerned, any other relevant information and the outcome of any applicable dispute resolution process, by a two-thirds majority of all Directors makes a recommendation to the General Assembly that the Member's membership be cancelled; and
 - (f) the Member has been given a reasonable opportunity to respond to the recommendation of the Management Board at the General Assembly in which the vote is taken.

4.4.4 A Member may resign from the Association by giving no less than 90 days' prior written notice to the Management Board. A notice of resignation must be sent by registered mail and addressed to the Management Board at the Association's place of business. The notice period shall commence upon receipt of the notice by the Management Board.

4.4.5 In the event of cancellation of its membership or resignation in accordance with article 4.4.4, the Member concerned will:

- (a) not be entitled to any reimbursement of fees or other monies paid by it to the Association;
- (b) remain obliged to pay any unpaid fees and other monies (including accrued interest thereon) owing by it to the Association;
- (c) for the period of one year following the date of that Member's resignation, remain liable to contribute to the assets of the Association in the event of its being wound up in accordance with article 3.1 of these Articles;
- (d) receive no part of the assets of the Association; and
- (e) remain bound by any obligations specified in article 5 of these Articles.

4.4.6 If an Annual Fee falls due for payment during a period of notice given by a Member under article 4.4.4, the Member shall be liable to pay only a pro rata portion of that Annual Fee, based on the portion of the year to which that Annual Fee relates during which the Member's membership will remain in effect.

4.5 **Cessation of Member's Territory**

4.5.1 In the event the Territory in respect of which a Member has been appointed ceases to be a Territory (for the purposes of these Articles) the Management Board or the General Assembly may terminate such Member's membership, with immediate effect or on such other basis as may be specified, and the provisions set forth in article 5.6 shall apply. The provisions of article 4.4.5 shall also apply to such Member as if such Member had resigned from the Association.

4.6 **Change or withdrawal of endorsement**

4.6.1 A national government of a Territory or the appropriate agency or authority within such national government may at any time change its endorsement under article 4.2.14.2.1(b) of these Articles by endorsing a new agency of that national government or a new corporation or other duly constituted body. A national government may also at any time withdraw an endorsement given subject to article 4.2.14.2.1(b) of these Articles without endorsing a new agency, corporation or other constituted body.

4.6.2 The requested change of Member must be made in writing and approved by the Management Board. The membership of the Member no longer endorsed shall terminate at the end of the financial year of the Association in which the withdrawal or request for change is received by both the Management Board and the Member no longer endorsed

unless otherwise agreed between the Member no longer endorsed and the national government or the appropriate agency or authority and such agreement is approved by the Management Board. If the withdrawal or request for change is received by the Management Board and the Member no longer endorsed later than October 1 it will only be effective at the end of the following financial year unless otherwise agreed between the Member no longer endorsed and the national government or the appropriate agency or authority and such agreement is approved by the Management Board.

- 4.6.3 The Member no longer endorsed shall have the same rights and obligations as Members that resign in accordance with article 4.4.4 of these Articles. Other aspects of the change or withdrawal shall be a matter solely between the Member no longer endorsed and the national government or the appropriate agency or authority that has made the change or withdrawal.

5. Rights and Obligations

5.1 Effect of the Articles

- 5.1.1 These Articles have binding effect among the Association and each Member and by becoming a Member each Member agrees to be bound by the terms of these Articles and to perform their obligations under these Articles.

- 5.1.2 Each Director of the Association shall be required to agree to be bound by the terms of these Articles and to perform their obligations under these Articles as part of any service contract or letter of appointment they enter into with the Association and no contract of service entered into by the Association with a Director may abrogate or diminish the obligations, duties or liabilities of such Director under these Articles.

5.2 Rights relating to Terminology Products

- 5.2.1 Any specific right of a Member or of the Association regarding any of the Association's Terminology Products shall only enter into force if and to the extent that, and for so long as, the Association has acquired or otherwise holds the rights and interests with respect to or affecting such Terminology Products which are necessary to enable the Association to grant such specific rights to such Member.

- 5.2.2 When such rights as referred to in article 5.2.1 of these Articles have been acquired by the Association, the Management Board will inform each Member of the acquisition and stating that the related rights and obligations of each Member according to these Articles have entered into force.

5.3 Rights of Members

- 5.3.1 Each Member has, for the purpose of collaboratively promoting the Objects, the rights and obligations in respect of the Association's Terminology Products that are set out in Schedule 3 to these Articles.

- 5.3.2 While remaining a Member, the Member is entitled, but not required:

- (a) to be represented at, to participate fully in and to vote at General Assemblies;
- (b) to be represented at, to participate fully in and to vote at meetings of the Member Forum; and
- (c) to nominate candidates for appointment to the Management Board and Committees of the Association.

5.4 **Obligations of Members**

5.4.1 In addition to any other obligations under these Articles, each Member agrees:

- (a) to comply with the Regulations in force at any given time;
- (b) to use best endeavours to ensure that any use, adaptation and distribution of the Terminology Products and use of the Association's trademarks within the Member's Territory is in accordance with these Articles (including the Intellectual Property Terms);
- (c) to pay within the required time, all Fees properly due to the Association in accordance with these Articles;
- (d) to confirm to the Association, at the same time as making each payment of its Annual Fee, that the Member continues to meet the eligibility criteria specified in article 4.2.1;
- (e) to provide to the Association, in a timely manner, any recommendations that the Member has regarding proposed enhancements, changes, updates and corrections to the Terminology Products that are needed to better suit the requirements for clinical terminologies and associated products within the Member's Territory;
- (f) to publicize within the Member's Territory the mechanisms that Affiliates and other experts may use to provide recommendations for enhancements, changes, updates and corrections to the Terminology Products in accordance with article 5.4.15.4.1(e) of these Articles;
- (g) to advise the Association of the contact details listed in Schedule 1 to these Articles, and to provide the Association with timely advice of any change to such details;
- (h) to maintain a register of all licenses granted by the Member to Affiliates within the Member's Territory (to include, in the case of each license, the identity of the Affiliate, the products provided under the license and the payment terms under the license), and to make that register available to the Association upon request;
- (i) to encourage experts and other appropriate persons to contribute to the work of the Association;

- (j) to assist the Association in communicating with Affiliates and experts entitled and wishing to be enrolled as Affiliates of the Association; and
- (k) to collaborate with other Members in ensuring that sufficient numbers of appropriate persons are nominated, supported and funded to serve on the Management Board, Committees and in other governance functions of the Association.

5.4.2 Each Member shall establish arrangements, which may include use of IHTSDO Managed Services, for the management of the use of the Association's Terminology Products within its Territory that will, at a minimum, undertake the following functions in accordance with the Intellectual Property Terms:

- (a) being the primary point of liaison with the Association with regard to all aspects of the management of the Terminology Products within the Member's Territory;
- (b) establishing and maintaining processes for distributing and licensing the Terminology Products within the Member's Territory;
- (c) being the principal contact point within the Member's Territory for persons to contact in relation to the Terminology Products, including licensing of the Terminology Products and obtaining updates and enhancements to the Terminology Products;
- (d) ensuring that any products and their releases that the Member deploys within its jurisdiction that are based on the Association's Terminology Products, are prepared, checked and managed in conformance with the Association's standards;
- (e) maintaining a record of problems and other issues reported within the Member's Territory in connection with the Terminology Products;
- (f) documenting, submitting and supporting requests for proposed updates and enhancements to the Terminology Products; and
- (g) monitoring the distribution and applications of the Association's Terminology Products, trademarks and other Intellectual Property within the Member's Territory and reporting to the Association on the same.

5.5 **Protection of Association's Rights**

5.5.1 Each Member agrees to do all things reasonably necessary within its Territory:

- (a) to assist the Association in maintaining and enforcing any or all of its rights in the Terminology Products, its trademarks and any of its other Intellectual Property, and in protecting the same from any infringement, misrepresentation, passing off, unlicensed use, unlicensed adaptation or unlicensed distribution within the Member's Territory (each being a "**Contravention**");

- (b) to assist the Association in protecting itself against any action to oppose, deregister or dispossess the Association of any part of its Terminology Products, trademarks or any of its other Intellectual Property especially but not exclusively within the Member's Territory;
- (c) to assist the Association in protecting itself against any claim that any part of the Terminology Products, trademarks or any of its other Intellectual Property infringes the rights of any third party in the Member's Territory;
- (d) to notify the Association as soon as the Member becomes aware that:
 - i. a Contravention;
 - ii. any action described in paragraph (b) or any claim described in paragraph (c);
 - iii. a dispute with any third party (including any licensee) in the Member's Territory concerning the Association's Terminology Products, its trademarks or any of its other Intellectual Property;
 - iv. any claim or attempted registration in the Member's Territory of Intellectual Property that competes with the Association's interests in its Terminology Products, trademarks or any other of its Intellectual Property; or
 - v. any claim or allegation that any of the trademarks is liable to cause deception or confusion to the public within the Member's Territory,

has occurred, is reasonably likely to occur or is threatened; and
- (e) to provide all information and assistance to the Association in the event that the Association commences or defends proceedings in relation to any matter listed in article 5.5.1(d).

Any external or out-of-pocket costs reasonably incurred by a Member in discharging its obligations under this article 5.5.1 shall be reimbursed by the Association.

5.5.2 A Member shall be entitled to bring proceedings, at its own expense, in respect of any matter listed in article 5.5.15.5.1(d) arising in its Territory, provided the Association has not brought, is not currently bringing nor made any indication of an intention to bring such proceedings itself. Any proceedings the Member brings shall be under the Member's control, and the Association shall not be entitled to intervene in those proceedings unless:

- (a) the Association considers, acting reasonably, that the matter in respect of which the proceedings are brought presents or is likely to present a significant threat to the interests of the Association; or

- (b) the matter in respect of which the proceedings are brought arise from the same or substantially the same facts and circumstances as one or more matters arising in one or more other Members' Territories.
- 5.5.3 If the Association is entitled to intervene in any proceedings under article 5.5.2 of these Articles, the Association may, provided that it is acting reasonably:
- (a) assume control of those proceedings from the Member; or
 - (b) require the Member to discontinue those proceedings.
- 5.5.4 Any proceedings brought by the Association under article 5.5.1, or in respect of which the Association assumes control under article 5.5.3(a), will from that point forward be under the control and at the expense of the Association.
- 5.6 **Rights and Obligations on Cessation of Membership**
- 5.6.1 A former Member (whether ceasing to be a Member because of resignation, replacement, termination of Membership, cancellation of Membership or otherwise), will:
- (a) for the purpose of continuing to promote the Objects, have the rights and obligations in respect of the Association's Terminology Products that are set out in paragraph 6 of Schedule 3 to these Articles;
 - (b) no more than 14 Business Days after ceasing to be a Member, notify every Affiliate with which the former Member has a license agreement in force for use of the Terminology Products (including the Member's National Release):
 - i. that it has ceased to be a Member;
 - ii. that, as a result of its ceasing to be a Member, it will be unable to distribute future versions of the Association's Terminology Products to Affiliates;
 - iii. of any significant implications and proposed changes in arrangements for continued use or support of the Terminology Products in the former Member's Territory; and
 - iv. of any further statements that the Management Board has directed it to communicate to Affiliates provided that the content of any such statement is either first agreed with the former Member, or is distributed under the name of the Management Board along with any response from the former Member;
 - (c) take reasonable steps to minimize any unnecessary cost, damage or injury suffered by Affiliates within the former Member's Territory or by any other third parties as a result of the former Member ceasing to be a Member;

- (d) give all reasonable cooperation to the Association, Affiliates in the former Member's Territory and any Member replacing the former Member in the former Member's Territory (whether immediately pursuant to article 4.3 or subsequently) in facilitating an orderly transition of the former Member's Affiliates to such arrangements as are put in place for those Affiliates' continued use or support of the Terminology Products; and
 - (e) no more than 14 Business Days after ceasing to be a Member, provide a written list to the Management Board setting out, in respect of each Affiliate with which the former Member has a license agreement in force for use of the Terminology Products (including the Member's National Release): (i) the name of that Affiliate; (ii) the contact details provided by that Affiliate to the former Member; and (iii) such other particulars as the Management Board may reasonably request and the former Member is able to provide.
- 5.6.2 Any directive from the Management Board to a former Member in relation to Article 5.6.1(b)(iv) is not to unreasonably prejudice the rights of the former Member under article 5.6.1 of these Articles, but in issuing such a directive, the Management Board may take into account any or all of the following:
- (a) the Objects and Principles of the Association;
 - (b) the need to ensure that Affiliates and end-users of the Association's Terminology Products, trademarks and other Intellectual Property have access to effective support and services in all Members' Territories;
 - (c) the need to protect the rights, property and reputation of the Association; and
 - (d) the need to protect the rights and property of its other Members, including any new Member in the former Member's Territory.
- 5.6.3 On request of an Affiliate operating in a former Member's Territory or of the Association, the former Member shall novate any license agreement with that Affiliate to the Association or to the current Member as directed by the Management Board.
- 5.7 Business of the Association**
- 5.7.1 The Association shall develop, maintain, license and distribute the International Release of SNOMED CT.
- 5.7.2 In addition to any other obligations under these Articles, the Association shall, subject to any resolution of the Members at a General Assembly:
- (a) from time to time consider and, where justified, acquire other Terminology Products including associated trademarks and other Intellectual Property required for their operation, exploitation, support and maintenance;
 - (b) specify, commission and/or directly provide the services necessary for undertaking and/or supporting the development and maintenance of Terminology

Products in accordance with the Purpose, Objects and Principles of the Association;

- (c) provide regular (at least twice yearly) International Releases of SNOMED CT;
 - (d) provide up-to-date documentation of other terminology products in line with specific policies and procedures;
 - (e) arrange and support meetings of the Association's organisational bodies as described in articles 8 and 9;
 - (f) produce, manage and share all documentation to support the functions of the Association in line with specific requirements detailed in the Articles, regulations and policies and procedures, in particular, those concerned with the Association's organisational bodies;
 - (g) provide a public website on which the current and archived versions of the Association's Articles, Regulations and other artefacts are published along with information on the Association and the contact details of the Members and the members of each Committee in an up-to-date and easy-to-use form; and
 - (h) take any action required to protect the rights, assets and property of the Association in relation to the Terminology Products, trademarks and any other Intellectual Property of the Association.
- 5.7.3 Participants in the Association's organisational bodies as described in articles 8 and 9 may participate and satisfy any quorum requirements through the medium of teleconference or similar form of telecommunications technology.
- 5.7.4 The Association shall operate an International Product Management Centre, the functions of which shall include:
- (a) being the primary point of liaison with the Association with regard to all aspects of the management of the international distribution of the Terminology Products;
 - (b) ensuring the availability of SNOMED CT to Members by managing its on-going maintenance and regular International Releases; and
 - (c) providing a secure online collaboration facility to the activities of the Association's organisational bodies and development of the Terminology Products.
- 5.7.5 In the event that any Member reasonably determines that work performed by or for the Association, or any material product or service provided by the Association to the Members (including, without limitation, any International Releases), is defective or deficient in a material respect (collectively, a "**Work Defect**"), such Member may deliver a written notice to the Association (a "**Defect Notice**") informing it of such determination by such Member and the basis thereof.

- 5.7.6 As promptly as reasonably practicable of its receipt of a Defect Notice, and in any event within 60 days of such receipt, the Association will (i) notify the Member delivering the Defect Notice that the Work Defect has been remedied, or is in the process of being remedied, and provide an explanation of the steps that have been or are being taken in this regard, or (ii) notify such Member either that the Association has determined (x) that the work, product or service that was the subject of the Defect Notice is not defective or deficient in a material respect or (y) that it is not reasonably practical, or not appropriate or consistent with the interests of the Association, to remedy the defect or deficiency cited in the Defect Notice, and in either case provide an explanation of such determination.
- 5.7.7 If the Association fails to deliver any notice as required by article 5.7.6, or if the Member receiving such notice disagrees with the position taken by the Association in any such notice, the Member may (but is not required to) deliver a written demand to the Association (a "**Defect Demand**") that steps or actions specified by the Member in its Defect Demand be taken by the Association (which may directly relate to remedying the relevant defect or deficiency or may involve changes in the policies, management or personnel of the Association) and that a General Assembly be convened to adopt a resolution requiring that such steps or actions are taken. If a Defect Demand is so received, an Extraordinary Meeting for such purpose shall be convened as promptly as practical, in accordance with the notice and other requirements contained in article 8.
- 5.7.8 All members of the Management Board shall, at a minimum and without limiting the roles or powers of the Management Board in any respect, receive copies of any Defect Notice, any notice by the Association in response to any Defect Notice, any Defect Demand, and any related written communications between the Association and a Member who has delivered a Defect Notice.
- 5.7.9 In the event that the Association fails in a material respect to take actions required to be taken by it pursuant to article 5.7.5 in response to the valid delivery of a Defect Notice or Defect Demand from a Member, and does not correct such failure within 30 days following notice thereof from such Member, then such Member may within 60 days thereafter resign from the Association in accordance with article 4.4.4 and require that such resignation be treated as a resignation "for cause". A former Member whose resignation is treated as a resignation "for cause" pursuant to the foregoing shall have the same rights and obligations as any other former Member who has resigned in accordance with article 4.4.4, provided that for purposes of paragraphs 6.1.2 and 6.2 of Schedule 3 such former Member shall be deemed to have not ceased to be a Member until the earlier of (a) the first anniversary of its resignation "for cause", and (b) the date (if any) on which paragraph 6.3 applies.
- 5.8 **Accounts**
- 5.8.1 The financial year of the Association shall be the calendar year commencing from 1 January and ending on 31 December.
- 5.8.2 The accounts of the Association shall be maintained and prepared in accordance with the prevailing legislation of the Companies Act.

- 5.8.3 The Association shall furnish its Members with internal quarterly accounts in respect of the Association, in a form reasonably consistent with statutory forms required, within 45 days of the end of each quarter.
- 5.8.4 The Association shall produce annual accounts (annual report) with respect to the Association, in the form required by applicable law, within five months (or such period as may be required by applicable law from time to time) of the end of each financial year. The annual accounts shall be audited by an international accounting firm together with one or more other accountants appointed by the Management Board which appointment will be subject to ratification by the General Assembly.
- 5.8.5 The audited annual accounts and the internal quarterly accounts shall be presented at the meeting of the Management Board which follows their completion, for consideration and approval by the Management Board.
- 5.8.6 Following approval by the Management Board, the internal quarterly accounts will be sent out to Members in accordance with article 5.8.3. The Association will furnish its Members with a copy of the audited annual accounts within 60 days from completion of the audit, in accordance with article 5.8.4.
- 5.8.7 Any accounts or auditor's report required or permitted to be sent by the Association to any person pursuant to any statute shall be treated as sent to such person if:
- (a) sent by electronic communication to an address for the time being notified to the Association by that person for that purpose; or
 - (b) published on a website, provided that the following conditions are met:
 - i. the Association and that person have agreed that such documents may be accessed by her on a website (instead of their being sent by post or otherwise delivered to her); and
 - ii. that person is notified, in a manner for the time being agreed for the purpose between her and the Association of:
 - A. the publication of the documents on a website;
 - B. the address of that website;
 - C. the place on that website where the documents may be accessed; and
 - D. how such documents may be accessed.

6. **Affiliates**

One of the principal means by which the Association shall promote its Objects is to license the Terminology Products to persons having any need or interest, consistent with the Objects, in utilizing the Terminology Products, and to support and facilitate the use of

the Terminology Products by such persons. The Association may provide in any such license that the licensee shall be an affiliate of the Association (an “**Affiliate**”), and any licensee so identified shall be an Affiliate for as long as its license remains in effect.

7. **Fees**

7.1 **Annual Fees**

7.1.1 The Management Board will, as soon as reasonably practicable after 20 September but in any event no later than 5 Business Days before the Ordinary Meeting in October each year, present in writing to each Member with respect to the next financial year of the Association:

- (a) a draft of the Association’s strategic, business and operational plans for such next financial year;
- (b) a statement of the total amount of funding required for such next financial year;
- (c) a statement of the aggregate amount of the Annual Fees of all Members (before applying any Fee Offsets) for such next financial year (the “**Aggregate Annual Fee**”), as proposed by the Management Board, together with a schedule of the Annual Fee payable by each Member if the Aggregate Annual Fee is approved by the General Assembly and the extent to which the cash amount payable by any such Member in respect of its Annual Fee will be reduced due to a Fee Offset requested by such Member and accepted by the Management Board; and
- (d) information regarding any Special Fees being proposed by the Management Board or then expected to be proposed by the Management Board during such next financial year.

7.1.2 The Aggregate Annual Fee for such next financial year, as proposed by the Management Board, will be established by taking into account projected license fees and revenues from Affiliates (those with direct licenses from the Association), and Fees from new Members who have joined the Association during the current financial year, any anticipated Special Fees, the reduction in the cash amount to be received in respect to Annual Fees due to Fee Offsets, and any anticipated retained surplus at the end of the current financial year, with a view to assuring a level of financial resources necessary or appropriate to cover the following:

- (a) the normal business activities of the Association to be undertaken in furtherance of the Purpose, Objects and Principles of the Association for the coming financial year,
- (b) such special projects as the Management Board considers appropriate to support the future development of the Association, its Intellectual Property and its other assets;
- (c) such other projects or activities as are identified in the Association’s strategic, business and operational plans for the coming financial year;

- (d) fixed or known liabilities of the Associations; and
- (e) reasonable reserves for contingencies, liabilities and uncertainties that cannot be precisely budgeted for in advance.

The Aggregate Annual Fee shall be comprised of the aggregate cash amounts paid or payable by Members in respect of their Annual Fees, plus any amounts not payable or paid in cash due to the application of Fee Offsets. The Aggregate Annual Fee shall be allocated among the Members pursuant to a Fair Share Allocation (as specified in Schedule 2 to these Articles). The amount allocated to each Member will be such Member's Annual Fee.

- 7.1.3 At the October Ordinary Meeting, the Members shall, in accordance with article 8 of these Articles and subject to articles 7.3.2 and 7.3.3 of these Articles, consider and vote upon a resolution approving the items listed in articles 7.1.1(a) and (c) of these Articles.
- 7.1.4 The Annual Fees of Members will correspond to, and be for, the financial year of the Association to which they relate. Except as provided in article 4.2.2(c), each Member's Annual Fee in respect of a financial year will be due and payable in full by 15 February of the financial year to which they relate.
- 7.1.5 If any part of the Annual Fee payable by a Member remains unpaid after 30 March of the year in which the Fee is due, the Member will be in default and interest shall accrue on the outstanding amount at the rate of 500 basis points above the national base rate in the Territory of the Member or, if higher or if such national base rate is not determinable, 500 basis points above 3 month EURIBOR, calculated daily from the date on which payment was initially due and compounding at the end of each calendar month.
- 7.1.6 If any part of a Member's Fees (including accrued interest thereon) remains unpaid after 30 June of the year in which those Fees are due, the Management Board may, at its sole discretion, advise the Member, by way of registered mail, of the outstanding amount as at 30 June, and at any time thereafter commence action under article 4.4.3 of these Articles to have the Member's membership cancelled.

7.2 **Joining Fees and Initial Annual Fees**

- 7.2.1 Subject to article **Error! Reference source not found.**, upon first becoming a Member a Joining Fee shall become payable, in accordance with article 4.2.2(c), by such Member in an amount equal to the full Annual Fee of such Member in respect of the financial year during which such Member becomes a Member, assuming for such purposes that such Member had been Member for the entire financial year.
- 7.2.2 The Joining Fee shall be in addition to a Member's Annual Fee, and payment thereof in no way absolves the new Member from its obligation to pay the Annual Fee for the financial year in which it becomes a Member.
- 7.2.3 A Member's first Annual Fee will be pro-rated on a monthly basis if commencement of membership occurs after the first three months of the relevant financial year.

7.2.4 The payment of an initial Annual Fee by a new Member in respect of the financial year during which it becomes a Member shall not entitle the other Members to a reduction or refund of any part of the Annual Fees paid or payable by them in respect of such financial year, to the extent that the Aggregate Annual Fee in respect of such financial year has already been allocated among such other Members to determine the amounts of their respective Annual Fees.

7.3 **Approval of Annual Fee**

7.3.1 The Aggregate Annual Fee in respect of each financial year shall be proposed by the Management Board to the General Assembly, and any resolution to amend the Aggregate Annual Fee during or in respect of a financial year may only be presented to the General Assembly by the Management Board.

7.3.2 Should any proposed Aggregate Annual Fee be 103% or less than the then Baseline Aggregate Annual Fee, then the resolution at the General Assembly to approve such Aggregate Annual Fee shall require approval by a simple majority of votes cast by Nominated Representatives of Members voting on the matter. The “**Baseline Aggregate Annual Fee**” is the current Aggregate Annual Fee plus the total of the Annual Fees paid or payable in the current year by new Members that have joined or will join the Association during the current year. In this calculation, the Annual Fees of these new Members shall not be reduced according to article 7.2.3.

7.3.3 Should any proposed Aggregate Annual Fee be more than 103% of the current Baseline Aggregate Annual Fee, then the resolution at the General Assembly to approve such Aggregate Annual Fee shall require approval by a two-thirds majority of the votes cast by Nominated Representatives of Members voting on the matter.

7.3.4 In the event that the resolution at the General Assembly to approve the Aggregate Annual Fee for the next financial year is not approved by the necessary votes, the Aggregate Annual fee for such next financial year shall be deemed to be equal to the then Baseline Aggregate Annual Fee, pending passage of a resolution setting such Aggregate Annual Fee at any different amount.

7.4 **Special Fees**

7.4.1 The Management Board may at any time, or from time to time, propose that additional non-recurring fees be required to be paid by the Members to the Association, for the purpose of funding capital expenditures by the Association, funding the prosecution, defence or settlement of legal claims involving the Association or any of its Intellectual Property, or funding any other costs or expenditures that are non-recurring in nature or otherwise could not, in the view of the Management Board, be appropriately and/or adequately funded through Annual Fees or the Association’s other sources of revenue. Any fee of the type described in this article 7.4.1 paid or payable by a Member is referred to as a “**Special Fee**”, and the aggregate amount of such fees paid or payable by all Members in any one instance (including amounts not paid in cash due for the application of Fee Offsets) is referred to as an “**Aggregate Special Fee**”.

- 7.4.2 Any proposal of the Management Board for a Special Fee shall be presented to the Members for their approval at an Ordinary or Extraordinary Meeting. Such proposal (a “**Special Fee Proposal**”) shall be accompanied by (i) a description of the plans, events or developments giving rise to such proposal; (ii) a statement as to the amount of the Aggregate Special Fee and how this amount was determined; (iii) a schedule of the Special Fees proposed to be payable by each Member (including, if applicable, the extent to which the cash amount payable by any Members may be reduced due the application of Fee Offsets in accordance with article 7.5); and (iv) the timing of, and any other terms, conditions or contingencies relating to, such Special Fee, including whether it will be payable in a single sum or in instalments over time or based upon the satisfaction of certain conditions. A Special Fee will only become payable if the resolution approving the Special Fee Proposal is approved by a Super Majority.
- 7.4.3 With respect to any Special Fees, the Aggregate Special Fee shall be allocated among the Members pursuant to a Fair Share Allocation (in accordance with Schedule 2 to these Articles).
- 7.4.4 A Special Fee that has been duly approved as required will be due and payable as and in the manner specified in the Special Fee Proposal, provided that no Special Fee or portion thereof shall become due and payable earlier than 60 days following the distribution or disclosure of the Special Fee Proposal (and the related information required by article 7.4.2) to the Members.
- 7.5 **Fee Offsets**
- 7.5.1 Any Member may, with respect to any Annual Fee or Special Fee to become payable by it, submit a request to the Management Board that the amount of such Fee payable by such Member be reduced (a “**Fee Offset**”) by an amount up to, but not exceeding, such Member’s Fee Offset Balance, as defined in article 7.5.2, at such time. The Management Board may in its discretion accept or reject any such request, in whole or in part, and/or to a differing extent as among requesting Members; provided, however, that if multiple Members request Fee Offsets with respect to any specific Fee and any such request is to be accepted, the allocation among those Members of the value of the accepted Fee Offsets shall be determined in accordance with paragraph 2 of Schedule 2.
- 7.5.2 The “**Fee Offset Balance**” of a Member at any particular time means the aggregate of the cash amounts previously paid by such Member to the Association as its Set-up Payment or as Special Fees, less the aggregate amount by which the cash amounts paid or payable by such member were previously reduced pursuant to the acceptance of requests by it for a Fee Offsets.
- 7.5.3 Any proposal by the Management Board to the General Assembly for the approval of the Annual Fees or any Special Fee will specify, in the information provided to the Members in connection with their consideration of such proposal, whether and to what extent cash amounts otherwise payable by any Members will be reduced due to the acceptance of requests for Fee Offsets. The acceptance or rejection of any request for a Fee Offset will not be subject to separate approval by the General Assembly.

7.6 **Member Contracts**

- 7.6.1 The Association may, in exceptional circumstances and only to the extent necessary due to mandatory law of a Member's country or regulations of a Member's country, enter into a separate contract, arrangement or instrument with that Member (a "**Member Contract**") which governs (i) the rights and obligations of that Member to obtain, use and distribute Terminology Products in collaborative promotion of the Objects; and/or (ii) that Member's remedies in respect of Work Defects (as those remedies and Work Defects are defined in article 5.7.6); and/or (iii) the fees to be paid by the Member to the Association in respect of the Terminology Products.
- 7.6.2 A Member Contract may relieve the Member from any or all of its payment obligations under articles 7.1 to 7.5, as and to the extent provided in such Member Contract.
- 7.6.3 Except as set out in articles 7.6.1 and 7.6.2, a Member Contract may not make provision in respect of any matters that are covered by these Articles. As between the Association and a Member with whom the Association has entered into a Member Contract in accordance with this article 7.6, these Articles shall continue to apply in respect of all matters that are not covered by the Member Contract.
- 7.6.4 A Member Contract may be governed by laws other than English law, but may not in any respect provide for rights or obligations inconsistent with or beyond, in any substantive respect, the rights and obligations of a Member as stated in these Articles, and may not give rise to any liability of the Association greater than as stated in these Articles.
- 7.6.5 The Management Board shall appropriately take into account any amounts paid or payable under any Member Contract in determining the amounts and/or allocations of any Fees, other payments or Fee Offsets contemplated by this article 7, with a view towards assuring that, and the provisions of this article 7 shall be applied and interpreted such that, from the point of view of the Association and all Members other than the Member who is a party to such Member Contract, all such amounts and allocations are substantially the same as they would have been in the absence of any Member Contracts.

8. **General Assembly**

8.1 **Function and Purpose**

- 8.1.1 To assist the General Assembly in taking effective decisions, the General Assembly may:
- (a) elect an Internal Auditor from amongst the Members. The Internal Auditor will be directed to follow terms of reference set or developed by or at the direction of the General Assembly, and in addition will be directed to comply with any mandatory provisions of English Law applicable to the Association and to the Members as members of the Association; and
 - (b) establish permanent or ad hoc committees of the General Assembly (together with any committees established by the Management Board, "**Committees**"). Every such Committee will:

- i. be subordinate to the General Assembly and will not have decision power;
 - ii. have terms of reference approved by the General Assembly when the Committee is established and act in accordance with those terms and with any directives issued, whether specifically to that Committee or generally; and
 - iii. reach quorum if 50% of Committee members are present, whether in person or as permitted by article 5.7.3.
- 8.1.2 Each General Assembly shall be a forum in which or through which Members may, individually or jointly, through their Nominated Representatives, choose to exercise the various powers granted within and by these Articles. General Assemblies will serve as an opportunity for the Members to discuss and debate fully any aspect of the business and affairs of the Association.
- 8.1.3 The attendance by a Member at a General Assembly shall be through the attendance of its Nominated Representative. Each Member will provide written notice to the Management Board as to the identity of its Nominated Representative.
- 8.1.4 Except as otherwise specifically required by these Articles, all resolutions considered at any General Assembly will be decided by a simple majority of votes cast by Nominated Representatives of Members voting on the resolution. If a vote is tied, the resolution will not be passed.
- 8.1.5 All General Assemblies shall be presided over by a Chair who will be elected by the Nominated Representatives of the Members. A Chair may be elected to preside over a single General Assembly (an “**Ad Hoc Chair**”) or to preside over all General Assemblies within a defined period of one or more years (an “**Elected Chair**”). The General Assembly Governance Manual describes the election process.
- 8.1.6 The Chair shall not be entitled to vote at General Assemblies unless the Chair is also the Nominated Representative of a Member, in which case she shall be entitled to vote only in her capacity as a Nominated Representative and shall have one vote only.
- 8.2 Meetings**
- 8.2.1 All General Assemblies will be held at such location as stated in the notice convening the General Assembly, subject to article 5.7.3 and, subject to article 8.2.7, will be convened by the Management Board.
- 8.2.2 The Management Board will prepare, produce and distribute to the Nominated Representatives, or if a Member has not nominated a representative, to the Member’s Contact Person, a notice of the General Assembly being convened not less than six weeks prior to the meeting, and an agenda not less than three weeks prior to the meeting.
- 8.2.3 If necessary due to special circumstances and with the consent of more than 90% of the Nominated Representatives, a General Assembly may be convened with a shorter notice

if so requested by the Chair of the General Assembly, the Chair of the Management Board, or the Chief Executive Officer. All Members must be informed of the intention of convening a General Assembly with less than 6 weeks' notice.

8.2.4 The quorum for a General Assembly will be achieved when more than 50% of all Nominated Representatives of Members are present in the General Assembly, whether in person, by proxy or in the manner permitted by article 5.7.3.

8.2.5 The proceedings of all General Assemblies shall be recorded in the form of minutes.

(a) Electronic draft copies of these minutes will be prepared by or at the direction of the Chair and sent to Nominated Representatives within 14 days of the close of the meeting.

(b) Nominated Representatives may submit any comments on the minutes within 14 days of receipt.

(c) The Chair shall seek to promptly address or resolve such comments so received with a view towards signing and circulating final copies of the minutes to all Nominated Representatives within 14 days of expiry of the period allowed for comments.

(d) The signed final minutes shall be made available to the public by posting them on the Association's website. The signed final copy of the minutes shall also be made available for inspection at the Association's place of business.

(e) Under special circumstances, the General Assembly may authorize a departure from the procedure prescribed in (a)-(d).

8.2.6 The Members will hold two Ordinary Meetings, one in April and one in October of each year.

8.2.7 The Members will hold Extraordinary Meetings at the request of:

(a) the Management Board; or

(b) the External Financial Auditor where the External Financial Auditor has given a statement of the circumstances connected with his resignation for the purposes of receiving and considering an explanation of those circumstances; or

(c) at least 5% of the Members (and for these purposes, "Members" refers to all Members, irrespective of whether any such Member has appointed a Nominated Representative).

8.2.8 Every Member is entitled through its Nominated Representative to:

(a) have specific business or matters referred for discussion by or decision at a General Assembly;

- (b) attend General Assemblies; and
 - (c) speak at General Assemblies.
- 8.2.9 Each Member shall have one vote on each item presented at a General Assembly.
- 8.2.10 Each Member should choose its Nominated Representative from among persons most qualified by their leadership skills, knowledge and experience of health informatics, and understanding of their country's health system to fully represent the Member's interests at the General Assemblies. The Nominated Representative may not be a current member of the Management Board. A Member's Nominated Representative may be changed or replaced by the Member at any time, by written notice to the Management Board, without any requirement for advanced notice.
- 8.2.11 Members' Nominated Representatives are also entitled to attend General Assemblies by proxy. The proxy, who cannot be a current member of the Management Board, must present a power of attorney document from the Nominated Representative (in form and substance reasonably acceptable to the Chair of the General Assembly) before or at the General Assembly. All proxies must by their terms be freely revocable by the granting Member, and will be deemed revoked if the Member's Nominated Representative attends and votes at the General Assembly or at any adjournment of the General Assembly.
- 8.2.12 Each Nominated Representative will be entitled to be accompanied by a single adviser at General Assemblies, or multiple advisers if permitted by the Chair.
- 8.2.13 General Assemblies will be open to the public, except for those parts of a meeting in which matters are deliberated that are reasonably considered by the Management Board or a General Assembly to involve issues or information that:
 - (a) the public discussion or disclosure of which is or may be contrary to the interests of the Association; or
 - (b) relate to an individual or a specific Member who could be identified by members of the public.
- 8.2.14 The Management Board will ensure that General Assemblies (other than meetings which will be closed to the public in their entirety pursuant to article 8.2.13) are announced on the Association's website no later than when they have been convened in accordance with article 8.2.2 and 8.2.3.
- 8.2.15 Prior to any General Assembly, each Nominated Representative shall fully and fairly disclose to the Chair or to the General Assembly any material conflict of interest the Member or the Nominated Representative has with respect to any matter being discussed or voted at such General Assembly (above and beyond the interest the Member will have as a Member of the Association in common with all other Members). The further disclosure of such information to the General Assembly shall be within the discretion of the Chair.

- 8.2.16 The Association's Conflict of Interest Policy may prohibit a Member's Nominated Representative from voting on a matter as to which such Member or Nominated Representative has a conflict of interest of the type described in article 8.2.15.
- 8.2.17 The Ordinary Meeting taking place in October will consider and vote on resolutions concerning:
- (a) the presentation and adoption of:
 - i. the Management Board's annual strategic, business and operational plans and budget for the next financial year; and
 - ii. the Management Board's proposed Aggregate Annual Fee for the next financial year;
 - (b) any general or special business referred to the Members by the Management Board for consideration in the Ordinary Meeting; and
 - (c) any other business referred to Members by any Member for consideration in the Ordinary Meeting.
- 8.2.18 The Ordinary Meeting taking place in April will consider and vote on resolutions concerning:
- (a) the Management Board's annual report for the prior financial year;
 - (b) the Association's financial accounts, including the External Financial Auditor's Report for the prior financial year;
 - (c) the appointment of (or ratification of the appointment of) an External Financial Auditor for the current financial year;
 - (d) any general or special business referred to the General Assembly by the Management Board for consideration in the Ordinary Meeting; and
 - (e) any other business referred to the General Assembly by any Member for consideration in the Ordinary Meeting.
- 8.2.19 At the request of any Nominated Representative, and provided the Management Board considers it may do so without any significant detriment to the Association, the Management Board will disclose to the General Assembly prior to or at any General Assembly, any information:
- (a) concerning the annual accounts or the financial position of the Association;
 - (b) the status or progress of any legal issues or proceedings relevant to the Association or its Intellectual Property; and

- (c) that is or may be relevant to any resolution on which a vote is to be taken at that General Assembly.
- 8.2.20 If information requested in article 8.2.19 of these Articles is not disclosed due to it not being available at the time of such General Assembly, such information will be sent to the Nominated Representatives as soon as it becomes available. Unless such information is of the type referred to in article 8.2.13 of these Articles, such information will be posted on the Association's website at the same time as it is sent to the Nominated Representatives.
- 8.2.21 Relevant materials relating to matters to be addressed at any General Assembly will be provided to Nominated Representatives, or if a Member has not nominated a representative, to the Member's Contact Person, as far in advance of such meeting as is reasonably practicable.
- 8.2.22 All material and information relating to any General Assembly that is made available for public inspection will be provided both at the Association's place of business and on the Association's website.
- 8.2.23 Any Member is entitled to have specific business considered at a General Assembly if:
 - (a) the issue has not been adequately addressed by Management Board action to the reasonable satisfaction of the Member; and
 - (b) the Member's Nominated Representative submits a specific and reasonably detailed written request to the Management Board no less than three weeks (or such shorter period as the Management Board may require in any particular instance) in advance of that General Assembly.
- 8.2.24 Any Director is entitled to have specific business considered at a General Assembly if:
 - (a) the issue has not been adequately addressed by Management Board action to the reasonable satisfaction of the Director; and
 - (b) the Director submits a specific and reasonably detailed written request to the Management Board no less than three weeks (or such shorter period as the Management Board may require in any particular instance) in advance of that General Assembly.
- 8.3 **General Assembly electronic voting**
- 8.3.1 Any matter that may be made the subject of a vote at a General Assembly may be decided by the Members' Nominated Representatives by electronic voting outside of a General Assembly.
- 8.3.2 The decision to use electronic voting outside of a General Assembly will be made by the Chair of the Management Board, after an electronic consultation with the Nominated Representatives in accordance with Regulation described in article 8.3.3.

- 8.3.3 The Management Board shall by Regulation, in accordance with article 11, prescribe how an electronic voting procedure shall be carried out. Such Regulation shall ensure that the outcome of the electronic voting is reliable and that only persons allowed to vote have access to voting. The Nominated Representatives shall by such Regulation be given not less than three weeks' notice to give their electronic vote unless special circumstances make a shorter notice necessary in which case the prior consent of two thirds of the Nominated Representatives to such shorter notice shall be required.
- 8.3.4 A matter decided by electronic voting will be subject to the same requirements for background information and rationale, and public posting of results that would apply if the same matter were discussed and voted on in a General Assembly.
- 8.3.5 The total number of votes cast in electronic voting must equal or exceed the number of Nominated Representatives required to establish quorum at a General Assembly. The number of votes required to approve a matter subject to electronic voting is the same as would apply if the same matter were discussed and voted on at a General Assembly.
- 8.3.6 The Management Board may by Regulation decide that a Nominated Representative may vote electronically in matters which will be decided at an Ordinary Meeting or Extraordinary Meeting as an alternative to such Nominated Representative voting at the Meeting.

8.4 **Polls**

- 8.4.1 A poll on a resolution may be demanded:
- (a) in advance of the General Assembly where it is to be put to the vote; or
 - (b) at a General Assembly, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 8.4.2 A poll may be demanded by:
- (a) the Chair of the General Assembly;
 - (b) the Management Board;
 - (c) two or more Nominated Representatives having the right to vote on a resolution;
or
 - (d) Nominated Representatives representing not less than one tenth of the total voting rights of all the Members having the right to vote on the resolution.
- 8.4.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken; and
 - (b) the Chair of the General Assembly consents to the withdrawal.

9. Association Management

9.1 The Management Board

9.1.1 The Management Board has overall responsibility for the management and direction of the Association. The Management Board, and each Director individually, has a duty to act in a manner which it or such Director reasonably believes is in the best interests of the Association and is consistent with the pursuit and protection of the Objects and Principles of the Association.

9.1.2 As detailed in the Association's Conflicts of Interest Policy:

- (a) Directors have a duty of impartiality.
- (b) Every Director will fully and fairly disclose to the Management Board any actual or potential conflict of interest that such Director has, whether held directly or indirectly, in relation to any matter being addressed by the Management Board.
- (c) The Management Board (excluding the votes of any Directors who have a conflict of interest of the kind described in article 9.1.2(b)) shall determine, in their reasonable discretion, whether there is in fact a conflict of interest and, if so determined, the extent to which it is necessary to require that the relevant Director not be entitled to take part in discussions of, and/or cast any vote in relation to, the matter in which the Director has the conflict.

9.1.3 The Association will have a Management Board of up to twelve Directors (but no less than three Directors), elected by the Members at a General Assembly.

9.1.4 The procedure for the election of Directors will be as decided from time to time by the General Assembly.

9.1.5 Directors will be elected to terms of up to three years at the General Assembly's discretion.

9.1.6 No person may serve as a Director for more than 72 months in any period of 96 months.

9.1.7 It is intended that the persons serving as members of the Management Board will be persons with relevant skills, knowledge and experience including appropriate clinical, managerial or terminological backgrounds.

9.1.8 A Director may not serve as the Nominated Representative of a Member, nor as proxy for a Nominated Representative, while she is a Director.

9.1.9 The Management Board will elect a Chair from among its members for a term of two years. The Chair should have sufficient availability to ensure effective running of the Management Board.

9.1.10 The Management Board will elect a Vice-Chair from among its members for a term of two years. In the Chair's absence, the Vice-Chair will act as Chair and have the Chair's rights

and obligations. The Chair may also on a non-permanent basis delegate her rights and obligations to the Vice-Chair regarding specific matters. The Vice-Chair should have sufficient availability to ensure effective running of the Management Board in the absence of the Chair.

- 9.1.11 Subject to Article **9.1.6**, an elected Director may be re-elected as a Director.
- 9.1.12 A quorum of the Management Board will be achieved when 50% of all Directors participate in any Management Board meeting, whether in person, by proxy or in a manner permitted by article **5.7.3**.
- 9.1.13 Without limitation as to the ability of a Director to utilize the arrangements contemplated in **5.7.3** and without limitation as to the duties of Directors as set out in article **9.1.1**, if a Director cannot attend a Management Board meeting, the Director may appoint another Director who will be present at the meeting as proxy. The use of proxies must be advised to the Management Board in writing or by e-mail, in advance of the meeting that the proxy is to attend and the proxy must present a written power of attorney from the Director before or at the Management Board meeting. Any such proxy will be freely revocable, and will be deemed revoked if a Director attends and votes at the meeting or at any adjournment of the meeting if they find themselves able to do so.
- 9.1.14 The Management Board may (notwithstanding that the Directors have a personal interest in such insurance), at the expense of the Association, obtain and keep current an appropriate level of liability insurance for each and every Director.
- 9.1.15 The Management Board is responsible for the financial position of the Association and has an obligation to take such steps as it deems necessary or appropriate to ensure that the accounting and management of the Association's assets are controlled in a proper manner in compliance with applicable rules of law and generally accepted accounting standards and principles.
- 9.1.16 The Management Board may, subject to the other provisions of these Articles, make Regulations delegating to one or more Directors, Management Team Members or Committees any and all powers of operation that it deems appropriate to enable the efficient and effective operation of the Association. The Management Board may also be assisted by the Management Team in fulfilling its duties.
- 9.1.17 The Chair of the Management Board will ensure, except in cases of urgency, that all Directors receive 14 days' prior written notice of Management Board meetings, which will occur:
 - (a) at least four times per year, at least one of which will be held in the United Kingdom;
 - (b) as requested by two or more appointed Directors;
 - (c) as requested by the Chief Executive Officer; and
 - (d) as frequently as the Chair of the Management Board considers appropriate.

9.1.18 Any decision may be taken by the Management Board without a Management Board meeting taking place if:

- (a) the decision is approved by all Directors using a voting procedure prescribed by the Chair, or the Vice-Chair in accordance with article 9.1.10; or
- (b) the decision is adopted under the following conditions using a voting procedure prescribed by the Chair, or the Vice-Chair in accordance with article 9.1.10:
 - i. the majority of votes necessary and the quorum necessary for the said decision shall be the same as at a Management Board meeting;
 - ii. those Directors voting for or against the proposed decision or presenting a neutral vote, including those voting by proxy, shall be considered present and count towards the quorum; and
 - iii. unless deemed a case of urgency by the Chair, or the Vice-Chair in accordance with article 9.1.10, the Directors have been given at least 14 days' prior written notice to consider the proposed decision.

9.1.19 The Company Secretary will ensure that:

- (a) formal minutes of Management Board meetings are recorded, circulated to Management Board members in draft, discussed, amended as necessary, agreed at the next meeting of the Management Board and signed by the Chair;
- (b) the minutes contain a record of all Directors present either physically or by alternative means;
- (c) any Director who does not agree to a resolution at the time it is made by the Management Board is entitled to have her dissenting views recorded in the minutes;
- (d) minutes of meetings of the Management Board are published on the Association's website, except those parts of the minutes of the Management Board which include information or materials of the type referred to in paragraphs (a) or (b) of article 8.2.13 of these Articles; and
- (e) decisions taken in accordance with article 9.1.18 are published on the Association's website, except those parts of the decisions which include information or materials of the type referred to in paragraphs (a) or (b) of article 8.2.13 of these Articles. At the request of a Director who has voted against a decision made in accordance with article 9.1.18(b) this Director's dissenting view shall be published along with the decision, except those parts of the dissenting view which include information or materials of the type referred to in paragraphs (a) or (b) of article 8.2.13 of these Articles.

9.1.20 At the discretion of the Management Board, individuals in addition to the Directors may attend and speak at Management Board meetings.

- 9.1.21 Business transacted by the Management Board shall be determined by a simple majority of votes cast at a meeting at which there is a quorum, unless otherwise stated in these Articles. Each Director shall have one vote on each item or resolution presented and voted upon by the Directors at a meeting.
- 9.1.22 The Management Board will develop, formally adopt and document in the Regulations of the Association, specific rules of procedure relating to the exercise of its powers.
- 9.1.23 Any procedural requirements relating to meetings or actions by or involving the Management Board, other than those which may not be waived as a matter of applicable law, may be waived in any instance, and on a case by case basis only, by adoption of a resolution to such effect by the Management Board approved by a unanimous vote of all Directors. No such waiver will, and may not be deemed to, alter or waive any of the duties of the Management Board or any Director under article **9.1.1**.
- 9.1.24 Up to three Nominated Representatives may be appointed as Observers by the General Assembly Executive.
- 9.1.25 Prior to any meeting of the Management Board, each Observer shall fully and fairly disclose to the Chair of the Management Board any material conflict of interest the Members such Observer represents have or the Observer has with respect to any matter being discussed or voted upon at such meeting of the Management Board (above and beyond the interest the Members such Observer represents will have as a Member of the Association). The further disclosure of such information to the meeting of the Management Board shall be within the discretion of the Chair of the Management Board.
- 9.1.26 Observers are not entitled to vote but are entitled to attend and speak at all meetings of the Management Board save where, at its sole discretion, the Management Board determines that such meetings shall be:
- (a) held in camera; or
 - (b) attended solely by Management Board members.
- 9.1.27 Observers may be required by the Management Board to circulate information to a General Assembly but shall otherwise be required to keep confidential all information received through attending meetings.
- 9.1.28 Observers shall not be considered to be members of the Management Board or officers of the Association.

9.2 **The Management Team**

- 9.2.1 The Management Board appoints the Chief Executive Officer (CEO), and the CEO appoints the rest of the Management Team.
- 9.2.2 The Chief Executive Officer may not also be the person responsible for overseeing the finances of the organisation. Although not generally intended, Directors may be appointed to hold one or more of these positions on a temporary basis.

- 9.2.3 The Association can enter into agreements obliging a Member to provide one of its employees to hold a position as Management Team Member in the Association on behalf of the Member. Such agreements cannot be entered into regarding the position as Chief Executive Officer.
- 9.2.4 The Management Team is responsible for, and may undertake, any transactions related to the day-to-day business of the Association, subject to Management Board directions and guidelines, and in accordance with the Objects, Principles and Powers of the Association.
- 9.2.5 The Management Team will bring items of “exceptional significance” to the Management Board for direction prior to taking action. The Management Board may at any time or from time to time deem certain types or classes of matters or items to be of “exceptional significance.” In addition, any item as to which any Management Team Member has or may have a conflict of interest of the kind referred to in article 9.2.6 will be deemed to be an item of “exceptional significance”, and any item will be deemed of “exceptional significance” as soon as any one Management Team Member reasonably considers it to be such and requests that the other Management Team Members treat it as such. If an item of exceptional significance requires urgent resolution, and the Management Board direction cannot be obtained in a reasonable time, the Management Team may act without such direction, provided it documents its decision and notifies the Management Board on a timely basis of the action taken.
- 9.2.6 In accordance with the IHTSDO Conflict of Interest Policy, each Management Team Member will be obligated to fully and fairly disclose to the Chair of the Management Board any real or potential conflict of interest such Management Team Member has or may have with respect to any matter or item being considered, discussed or addressed by the Management Board. Disclosure of such information to the entire Management Board will be within the reasonable discretion of the Chair.
- 9.2.7 Regulations made in accordance with article 9.1.16 of these Articles, and/or resolutions adopted by the Management Board, may delegate to one or more Management Team Members the authority to represent and act for and in the name of the Association in relation to dealings with third parties, and/or may limit any such authority. By virtue of any such delegation, the Association shall be bound by legal obligations entered into on its behalf by Management Team Members acting within and in accordance with their delegated authority.

9.3 **Collaboration with External Bodies**

- 9.3.1 The Association will seek to establish and maintain optimum mechanisms and organisational structures aimed at developing and achieving a high degree of interoperability and harmonization between SNOMED CT and all other relevant standards and their governing bodies.

9.4 **Committees – General Provisions**

- 9.4.1 Every Committee will have terms of reference, which will be set out in Regulations made by the Management Board, including rules regarding substitutes. Every Committee shall comply with its terms of reference.
- 9.4.2 The Committees are subordinate to the Management Board, and every Committee shall act in accordance with any directive issued by the Management Board, whether specifically to that Committee or generally.
- 9.4.3 No Committee, whether acting as a whole or through any number of its members, will have the power to bind or relinquish the Association to or of any obligation, duty or right.
- 9.4.4 Business transacted by a Committee, which is specific to the function of that Committee as per article 9.4.1, shall be determined by a simple majority of votes. Each member of a Committee shall have one vote per item presented and voted on at a meeting. In case of a tied vote, the Chair of the Committee will have a casting vote.
- 9.4.5 A quorum for each Committee will be reached when more than 50% of such Committee's members are present, whether in person or as permitted by article 5.7.3.
- 9.4.6 Each Committee's meeting timetables and locations shall be defined in its terms of reference.
- 9.4.7 The Management Board may by Regulations set out attendance obligations of the Committee members and may as set out in the Regulations deem the position of a Committee member to be vacant because of non-attendance.
- 9.4.8 The Management Board may establish ad hoc Committees to assist the Management Board or the Management Team for a specific purpose. The Management Board must inform the General Assembly about the formation of any new ad hoc Committee no later than the date of the first General Assembly following its establishment.
- 9.4.9 Each ad hoc Committee will have a Chair selected by the Management Board.
- 9.4.10 The Management Board will appoint the members of each ad hoc Committee in sufficient number to undertake the tasks assigned to that ad hoc Committee. To the extent possible, the members of each ad hoc Committee will be appointed so as to secure necessary professional expertise, in accordance with the terms of reference set out by the Management Board, and with consideration for gender and geographic balance.
- 9.5 **Vendor Liaison Forum**
- 9.5.1 The Association will maintain a body comprised of diverse and appropriate representatives of the vendor community, which can act as an advisory body to the Association and the Management Board and can serve as a means for the sharing of views and information between the vendors and the Association.

9.6 **The Member Forum**

- 9.6.1 The Member Forum is an advisory body to the Association whose role is to facilitate collaboration and cooperation between the Association's Members, provide Member priorities for all new and proposed Association projects and products, and promote learning from shared experiences. The Member Forum supports the objectives of the Association by promoting consultation and communication at an operational level between the Association and Members.
- 9.6.2 Member Forum representatives will ideally be knowledgeable about all operational and business aspects of the Member's national release centre and have open communications channels with their Nominated Representative.
- 9.6.3 The Member Forum will comprise the following representatives selected as follows:
- (a) Two Co-Chairs, one appointed by the Chief Executive Officer from among the Association's officers, and one elected by a majority of Member Forum representatives from among the Member Forum representatives;
 - (b) One Member Forum representative appointed by each Member's Nominated Representative. A Member's Nominated Representative has the right to appoint an additional representative to the Member Forum who shall not have voting power; and
 - (c) One Ex-Officio representative (representative without voting power) appointed from among the Association's officers by the Chief Executive Officer.
- 9.6.4 The Member Forum will have a secretariat appointed by the Chief Executive Officer from among the Association's staff and officers if this role is not already filled by the Ex-Officio representative.
- 9.6.5 The Member Forum is subordinate to the Chief Executive Officer, and it shall act in accordance with any directive issued by the Chief Executive Officer, whether specifically to the Member Forum or generally. The Chief Executive Officer will set out Terms of Reference for the Member Forum.
- 9.6.6 The Member Forum, whether acting as a whole or through any number of its representatives, does not have the power to bind or relinquish the Association to or of any obligation, duty or right.

9.7 **Remuneration**

- 9.7.1 The Association will pay market standard remuneration to employees and contractors of the Association hired competitively on the basis of competence.
- 9.7.2 The amount of remuneration paid to employees and contractors will be determined by the Remuneration Committee according to market rates and included in the annual budget.

- 9.7.3 The Association will pay travel and subsistence according to the Association's Travel and Subsistence Policy and Procedures, including to Directors.
- 9.7.4 Nominated Persons will not be treated as employees of the Association and, except as otherwise provided in articles **9.7.3** and **9.7.5** with respect to Directors and Committee members, will not be entitled to compensation or reimbursement from the Association, except in cases when such individuals undertake specific activities at the behest and request of the Association which are outside normal functions as Nominated Persons.
- 9.7.5 Subject always to article 2.4.2(g), the amount of remuneration, if any, paid to Directors will be determined by the Remuneration Committee and ratified at the Ordinary Meeting in October. The amount of remuneration paid to the Management Team Members and Committee members (other than Directors) will be determined by the Management Team, except in any case where the amount of annual remuneration paid to anyone exceeds US\$175,000 (one hundred and seventy-five thousand US dollars), for which the approval of the Remuneration Committee shall be required.
- 9.7.6 Any Director or Committee member may waive all or any part of any the remuneration she would otherwise receive.

9.8 Powers to bind the Association

Without limitation as to the powers and authority of the Management Team contemplated by article **9.2**, the Association shall be bound by legal obligations entered into on behalf of the Association by the entire Management Board or the Chief Executive Officer in conjunction with the Chair or the Vice-Chair of the Management Board.

9.9 Registration of changes

- 9.9.1 The Association shall make and give all notices to the Company Registrar as may be required under, or in accordance with, the Companies Act.
- 9.9.2 The Association shall disclose any notice and/or information which is required by law, a rule of an authority, a governmental authority or such other authority to which the Association submits itself at any time. The Association shall disclose any information about a Member which is required by law, a rule of an authority, a governmental authority or such other authority to which that Member submits itself and the Association is requested to provide at any time.

10. Dissolution of the Association

- 10.1.1 Subject to any requirements of the Companies Act, the Association may only be dissolved if the Members pass a resolution to dissolve the Association in two consecutive General Assemblies. The second General Assembly can only take place at least one week after the moment where that Chair has signed and circulated final copies of the minutes of the first General Assembly in accordance with article **0**. Each such resolution may only be passed by a Super Majority.

10.1.2 Upon dissolution of the Association, the Intellectual Property, all rights to SNOMED CT, and all other assets of the Association will be transferred to a non-profit distributing organisation to be identified by the General Assembly that has undertaken to the General Assembly that it will continue the use of the assets in accordance with the Objects of the Association.

11. **Regulations**

11.1.1 With the permission of the GA Observers, and the Management Board may from time to time make Regulations to regulate the affairs of the Association and may amend and repeal any such Regulations.

11.1.2 From and after notification thereof as contemplated by article **11.1.3**, Regulations made in accordance with these Articles are binding on the Association and Members, provided that such Regulations are not inconsistent with the Articles or with the operation of law.

11.1.3 By the end of Business Hours on the second Business Day after any Regulation is made, the Association shall have:

- (a) electronically despatched notice of the Regulation to all Members, advising them of the Regulation and the impact of any changes; and
- (b) updated the version of the Regulations publicly available through the Association's website.

11.1.4 Any Regulation may be repealed by a resolution of the General Assembly.

11.1.5 If by amendment to these Articles or by operation of law any Regulation becomes inconsistent with these Articles or law, such Regulation shall be thereby deemed to be repealed and of no further effect but only to the extent of such inconsistency.

12. **Amendment of the Articles**

12.1.1 Except as otherwise provided in this article **12**, these Articles may only be amended by a resolution of the Members that is passed by a Super Majority.

12.1.2 Any amendment to paragraph 6.2 of Schedule 3, as well as any amendment to this article **12.1.2**, in either case to the extent such amendment could be adverse in any respect to the interests of any Member if that Member ceased to be a Member following the effectiveness of such amendment, (x) shall not become effective until 180 days following the date upon which the resolution of the General Assembly providing for such amendment is passed by a Super Majority and (y) shall not affect or apply to any Member who ceased to be a Member prior to the effectiveness of such amendment.

13. **Notices**

13.1.1 A notice or other communication which may be given under these Articles shall be deemed to have been duly given if it is in writing signed by the person giving the notice and either delivered by hand, posted or a copy transmitted electronically to the recipient at

any registered office of the recipient or posted to the recipient address as may be notified in writing to the other Parties from time to time.

13.1.2 A notice sent by post shall be deemed to have been given fourteen days from the time at when it was posted.

13.1.3 A notice sent by facsimile transmission shall be deemed to have been given when the machine on which the notice is sent reports in writing that the notice has been transmitted satisfactorily.

13.1.4 A notice sent by electronic transmission shall be deemed to have been given when the notice is sent unless an error report is received within 24 hours of having sent the notice.

14. **General**

14.1 **Further action**

The Members shall, and shall use their respective reasonable endeavours to procure that any necessary third parties shall, do, execute and perform, at their own expenses, all things reasonably necessary to give full force and effect to these Articles and any transaction contemplated by them.

14.2 **Severability**

If any provision (or part of any provision) of these Articles shall be held by any court of competent jurisdiction to be unenforceable against or by the Association, such provision (or part thereof) shall be treated as being severable from the rest of these Articles and the validity, legality and enforceability of the remaining provisions shall not in any way be impaired.

14.3 **Waiver**

14.3.1 A person does not waive a right, power or remedy given under these Articles if they fail to exercise or delay in exercising that right, power or remedy.

14.3.2 A single or partial exercise of a right, power or remedy given under these Articles does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy given under these Articles must be in writing and signed by the person giving the waiver.

15. **Disputes and Arbitration**

15.1.1 Subject to agreement on part of any individual Member involved, any dispute, controversy or claim arising from or connected with the rights and obligations of the Association towards Members or the rights and obligations of a Member towards the Association or another Member regarding the Association, including claims regarding the existence, validity or termination of all or part of these Articles, shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules, which Rules are deemed to be incorporated by reference into this article 15.

15.1.2 The number of arbitrators shall be three (3).

15.1.3 The seat, or legal place, of arbitration shall be in London.

15.1.4 The language to be used in the arbitral proceedings shall be English.

16. **Official Business Language**

16.1.1 The official Business Language of the Association will be English. The Association should respect that SNOMED CT is an International Terminology and take into consideration the requirements for structure and content changes to the International Release.

16.1.2 General Assemblies and Committee meetings should be performed in English.

16.1.3 These Articles have been prepared and written in English. The only authoritative version of these Articles is the English language version. Any translation of these Articles into any other language that may be made from time to time shall be only for convenience or to satisfy mandatory local law requirements and shall have no legal effect and shall not affect the interpretation of these Articles.

17. **Definitions and Interpretation**

17.1 **Definitions**

17.1.1 In these Articles, unless the contrary intention appears:

“**Affiliate(s)**” has the meaning set out in article 6 of these Articles;

“**Aggregate Annual Fee**” has the meaning set out in article 7.1.1(c) of these Articles;

“**Aggregate Special Fee**” has the meaning set out at article 7.4.1 of these Articles;

“**Annual Fee**” has the meaning set out at article 7.1 of these Articles;

“**Annual Report**” means the Association’s balance sheet prepared in accordance with article 5.8 and audited by the Association’s External Financial Auditor;

“**Articles**” means these Articles of Association and incorporates the Schedules;

“**Association**” has the meaning given to it in article 1.1 of these Articles;

“**Baseline Aggregate Annual Fee**” has the meaning set out in article 7.3.2 of these Articles;

“**Business Day**” means, in relation to the doing of any action in a place, a weekday other than a public holiday or bank holiday in that place;

“**Business Hours**” means from 9.00 am to 5.00 pm on any Business Day;

“**Chair**” means a natural person who presides over a meeting as required under these Articles;

“**Collaborating Organization**” means an organisation with which the Association is collaborating as set out in article 9.3 of these Articles;

“**Collaboration Working Body**” has the meaning set out in article 9.3 of these Articles;

“**Committee**” means an a committee established by the Members or the Management Board in accordance with these Articles;

“**Companies Act**” means the Companies Act 2006;

“**Company Secretary**” means an individual, registered at Companies House, who performs the accepted duties of a Company Secretary;

“**Conflicts of Interest Policy**” is a policy to be established by the Management Board and approved by the General Assembly, containing the rules and procedures governing certain potential conflicts of interest relating to the Association;

“**Contact Person**” is the person who is designated as the contact person by a Member in accordance with Schedule 1 of these Articles;

“**Contravention**” has the meaning given in article 5.5.1(a) of these Articles;

“**Director**” means a natural person that participates in the management of the Association as a member of the Management Board while that person remains a member of the Management Board and includes a former director so far as any matter relates to their participation while a member of the Management Board;

“**External Financial Auditor**” means the international accounting firm appointed as auditor of the Association’s accounts referred to in article 5.8.4 of these Articles;

“**Extraordinary Meeting**” means a General Assembly other than an Ordinary Meeting called pursuant to article 8.2.7 of these Articles;

“**Fee**” means the Annual Fee and the Joining Fee, or either of them;

“**Fee Offset**” has the meaning set out in article 7.5.1 of these Articles;

“**Fee Offset Balance**” has the meaning set out in article 7.5.2 of these Articles;

“**General Assembly**” means a meeting of the Members, attending through their Nominated Representatives;

“**General Assembly Executive**” means the executive committee of the General Assembly constituted pursuant to the General Assembly Governance Manual;

“General Assembly Governance Manual” means the operational manual of the General Assembly; an agreed version of this document must always exist;

“IHTSDO Managed Services” means services provided by the Association to support Members in the development, maintenance, use, distribution and licensing of SNOMED CT products and their derivatives within a Member’s Territory;

“Insolvency Event” means, in respect of any Member, any of the following events in relation to that Member: (a) that Member becoming insolvent or unable to pay its debts as they fall due; (b) that Member suspending or ceasing payment of any of its debts, or threatening to do so, or a moratorium being imposed in respect of that Member’s indebtedness; (c) that Member proposing or making an arrangement, assignment, composition or compromise with or for the benefit of its creditors; (d) a liquidator, receiver, administrator, manager or similar official or any encumbrancer being appointed over that Member or any of its assets or undertaking; (e) the administration, winding up, bankruptcy or dissolution of that Member, or any petition or application being presented for the same; or (f) anything analogous to any of the events described in (a) to (e) in any jurisdiction;

“Intellectual Property” or **“IP”** includes all copyright (including rights in relation to phonograms and broadcasts), database rights, all rights in relation to inventions (including patents), plant varieties, trademarks (including service marks), designs, circuit layouts, all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields and any right to have confidential information kept confidential, but does not include moral rights or rights of performers;

“Intellectual Property Rights” means the rights of an owner of Intellectual Property and includes the right to register or enforce such rights wherever they exist throughout the world;

“Intellectual Property Terms” means the terms set out in Schedule 3 to these Articles;

“Internal Auditor” means a person elected by the General Assembly from amongst Members, as per article 8.1.1, to assist the General Assembly in discharging its role, following terms of reference set or developed by or at the direction of the General Assembly;

“Joining Fee” has the meaning as set out in article 7.2 of these Articles;

“LCIA” means the London Court of International Arbitration;

“Management Board” means the board of Directors of the Association;

“Management Board Appointment and Review Committee” means the body responsible for the appointment and review of the Management Board pursuant to the General Assembly Governance Manual;

“Management Board Manual” means the operational manual of the Management Board; an agreed version of this document must always exist;

“Management Team” and **“Management Team Member”** means a Chief Executive Officer and any other person that is appointed to a named executive position or is directly responsible for conducting the affairs of the Association including without limitation:

- (a) appointment and direction of the Association’s personnel;
- (b) managing the Association’s finances and assets;
- (c) managing the Association’s property (including its Intellectual Property);
- (d) conducting the Association’s business dealings with others;
- (e) ensuring the Association’s compliance with its legal obligations; and
- (f) making public statements and representations on behalf of the Association;

“Member” means a member of the Association;

“Member Forum” means the body described in article 9.6 of these Articles;

“Model Articles” means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the adoption of these Articles;

“Nominated Person” means any person nominated or appointed by a Member to serve on the Management Board, Committees and for other governance functions within the Association;

“Nominated Representative” is the person who is registered by the Association as the representative of a Member at General Assemblies;

“Objects” has the meaning set out in article 2.1 of these Articles;

“Observer” is any board observer who is appointed to attend meetings of the Management Board on behalf of the Members pursuant to article 8.2.25;

“Ordinary Meeting” means the bi-annual General Assemblies held in October and April of every year;

“Original Association” means the International Health Terminology Standards Development Organisation, a Danish association (CVR No. 30363434);

“Party” in relation to these Articles means the Association or a Member and “Parties” means any or all of them;

“Purpose” has the meaning set out in article 2.3(a) of these Articles;

“Principles” has the meaning set out in article 2.2 of these Articles;

“Regulations” means Regulations of the Association made by the Management Board under article 11 of these Articles;

“Remuneration Committee” means that body responsible for the compensation awarded under article 9.7 and generally within the Association pursuant to the Management Board Manual;

“SNOMED CT” has the meaning given in Schedule 3 to these Articles, and references to

“SNOMED Clinical Terms®” have the same meaning;

“Special Fee” has the meaning set out in article 7.4.1 of these Articles;

“Special Fee Proposal” has the meaning set out in article 7.4.2 of these Articles;

“Super Majority” means, in respect of any resolution tabled at a General Assembly, that the number of Members voting in favour of the resolution is more than two thirds of all Members present at the meeting and also more than half of all Members (whether present at the meeting or not);

“Terminology Products” has the meaning given in article 2.3.1(a), and a reference in these Articles to the Terminology Products includes any and all further versions, enhancements, upgrades and extensions of the Terminology Products from time to time; and

“Territory” means, subject to article 4.1.2, the Principal Nation for or in respect to which a Member has been or may be admitted as a member of the Association, together with any other country, nation, state or geographical area which has been or may be deemed to be included in such Territory for which such Member has been or may be admitted as a member of the Association as permitted by article 4.1.3. A Territory shall further be deemed to include, in respect of its Principal Nation and any country, nation or state included in the Territory pursuant to article 4.1.4, any and all of its or their governmental facilities or offices, whether permanent or temporary and wherever located, and any other locations otherwise outside of such Territory where personnel or agents of any such governments are engaged in activities by, on behalf of or at the direction of any of such governments (provided that any such location shall be deemed within a Territory only for purposes of such activities).

17.2 Interpretation

In these Articles, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;

- (c) a reference to an article, paragraph, schedule or appendix is a reference to an article, article or paragraph of, or schedule or appendix to, these Articles;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to 'US\$', '\$US', 'dollar' or '\$' is to United States currency;
- (f) a reference to a Party to a document (including these Articles) includes the Party's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) reference to a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of these Articles and any subordinate legislation made under the statutory provision (as so modified or re-enacted) before the date of these Articles;
- (i) the meaning of general words is not limited by specific examples introduced by 'including', 'for example' or similar expressions;
- (j) a rule of construction does not apply to the disadvantage of a Party because the Party was responsible for the preparation of these Articles or any part of them;
- (k) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day;
- (l) the headings in these Articles do not affect its interpretation;
- (m) references to the time of day are to the time in London, United Kingdom; and
- (n) references to writing include electronic mail and any other mode of representing words in a visible form, provided that it is possible to record and reproduce that representation.

Schedule 1 – MEMBER CONTACT Information

- (a) Full Legal name of Member
- (b) Member's trading names (if different)
- (c) Member's business registration number(s) and Issuing authority/authorities
- (d) Address of Registered Office
- (e) Name and title of Contact Person authorized to receive notices
- (f) Contact Person's telephone number(s)
- (g) Contact Person's email address
- (h) Postal Address for service of notices on the Member
- (i) Facsimile number for service of notices on the Member
- (j) Office telephone number
- (k) Name of Chief Executive Officer
- (l) URL of Member's main website

And wherever relevant:

- (m) Name of Executive(s) with responsibility for maintenance and distribution of Terminology Products
- (n) URL(s) advising how third parties may obtain rights to use Terminology Products
- (o) Name and shipping address of the office of the person dealing with the arrangements for national release
- (p) Contact name and title of the person dealing with the arrangements for national release
- (q) Telephone number of the person dealing with the arrangements for national release
- (r) Email address of the person dealing with the arrangements for national release
- (s) Name and address of the Nominated Representative at any given time.

The information set out above will be published on the Association website.

Schedule 2 – FEE ALLOCATION PROVISIONS

1. Fair Share Allocation of fees

Each Aggregate Annual Fee and any Aggregate Special Fee shall be allocated amongst the Members on a fair-share allocation basis as described below (“**Fair Share Allocation**”).

$$\text{Individual Member's Fee} = \text{Aggregate Fee} \times (\text{MGNI} / \text{AGNI})$$

Where:

Aggregate Fee = the amount of the Aggregate Annual Fee or Aggregate Special Fee, as applicable

MGNI = the World Bank GNI Atlas value of the individual Member

AGNI = the aggregate of the World Bank GNI Atlas values of all Members

WWW.IHTSDO.org sets out the current World Bank GNI Atlas values for each nation. WWW.IHTSDO.org will be revised every 30 September with the most current World Bank GNI Atlas values then published by the World Bank. Should the World Bank discontinue the GNI Atlas values then the Management Board shall propose an alternative metric to the General Assembly for its approval.

Should a nation not have a World Bank GNI Atlas value then that nation shall propose a value to the Management Board for use in place of a World GNI Atlas Bank value and shall submit the relevant economic data and supporting assumptions. The Management Board shall have absolute discretion as to the determination of the alternative value to use in place of a World Bank GNI Atlas value.

2. Fair Share Allocation of Fee Offset Balances

For purposes of article 7.5.1, the acceptance of requests for Fee Offsets in respect of a specific Fee shall be allocated in such a manner so as to equalize, among the Members requesting Fee Offsets in respect of such specific Fee, the Fee Offset Balance divided by the World Bank GNI Atlas value of each Member, starting with the Member with the highest such ratio.

3. Set-up Payment

Some Members were founding members of the Association's predecessor, the Original Association, and made payments to the Original Association as described in Table 2 to enable the Original Association to purchase the SNOMED CT IP from the College of American Pathologists (“**Set-up Payments**”).

Table 2: Member Set-up Payments

Charter Member	Set-up Payment (US Dollars)
Australia	1,100,000
Canada	785,401
Denmark	170,692
Lithuania	10,789
The Netherlands	398,343
New Zealand	107,776
Sweden	248,527
United Kingdom	5,427,741
Total	8,249,269

SCHEDULE 3 - SNOMED CT INTELLECTUAL PROPERTY

Part A

Rights and Obligations of the Association

1. RIGHT TO GRANT LICENSES

The Association may grant licenses in respect of the International Release and in respect of any part of the International Release.

2. INTEGRITY OF THE CORE

2.1 The Association shall have the sole right to modify the Core or any part of it and to permit any other person to modify the Core or any part of it.

2.2 The Association shall have the sole right to determine the manner of formatting of the Core included within the International Release.

3. NAMESPACE IDENTIFIERS

The Association shall have the sole right to issue Namespace Identifiers and to permit any other person to issue Namespace Identifiers.

4. RESERVATION OF ASSOCIATION'S RIGHTS

Other than as expressly set out in this Part A, nothing in this Schedule 3 in any way limits any of the Association's rights, including any right to use, modify, license, distribute, sell, offer for sale or otherwise exploit any Intellectual Property Right owned by the Association.

Part B

Rights and Obligations of Members

5. MEMBERS' RIGHTS

5.1 As a Member, each Member shall have the right, subject to the terms of this Part B, to:

5.1.1 use, and permit the Member's officers, employees, agents and contractors to use, the International Release;

5.1.2 create National Extensions and use and modify those National Extensions;

5.1.3 create Derivatives and use and modify those Derivatives;

5.1.4 modify the manner of formatting of the copy of the Core distributed to the Member as part of the International Release;

5.1.5 distribute the Member's National Release (including the International Release) to Affiliates;

5.1.6 grant licenses to Affiliates to:

(a) use the Member's National Extensions and Derivatives forming part of the Member's National Release;

- (b) create Third Party Extensions from the Member's National Extensions and use and modify those Third Party Extensions;
 - (c) create Derivatives from the Member's National Extensions and Member's Derivatives and use and modify any such Derivatives created by that Affiliate;
 - (d) incorporate the Member's National Extensions and Derivatives into the Affiliate's products; and
 - (e) sub-license the Member's National Extensions and Derivatives, and any Derivatives and Third Party Extensions created by the Affiliate from the Member's National Extensions and Member's Derivatives, to users of the Affiliate's products;
- 5.1.7 grant licenses to other Members (each such Member being a "**Licensee Member**", and the Member granting the license being the "**Licensor Member**") to:
- (a) use the Licensor Member's National Extensions and Derivatives forming part of the Licensor Member's National Release;
 - (b) incorporate the Licensor Member's National Extensions into the Licensee Member's own National Extensions and use and modify any such National Extensions created by the Licensee Member;
 - (c) create Derivatives from the Licensor Member's National Extensions and use and modify those Derivatives; and
 - (d) sub-license the Licensor Member's National Extensions and Derivatives, and any Derivatives and National Extensions created by the Licensee Member from the Licensor Member's National Extensions, to Affiliates; and
- 5.1.8 distribute the Member's products containing the International Release (or any part of it) to persons other than Affiliates and other Members, provided that the use by such persons of the Member's products is subject to an end user license agreement that:
- (a) gives the licensee only those rights in respect of the International Release as are strictly necessary for the licensee's use of the Member's products; and
 - (b) includes terms that the Member reasonably considers necessary or desirable to protect the Association's Intellectual Property, including such terms as the Association may prescribe by Regulations.
- 5.2 A Member's rights under paragraph 5.1 are:
- 5.2.1 non-exclusive; and
 - 5.2.2 non-transferable, except with the prior consent of the Association.
- 5.3 A Member may only use the International Release, and must ensure that its officers, employees, agents and contractors only use the International Release:

- 5.3.1 for the Member's internal business purposes (including the creation by the Member of National Extensions and Derivatives and the distribution by the Member of its National Release);
 - 5.3.2 in the development and operation of the Member's information systems;
 - 5.3.3 for the Member's research purposes; and/or
 - 5.3.4 in the Member's systems (including browsers and data analysis systems) made available to the general public for accessing and/or retrieving any part of the International Release and/or the Member's National Release and/or data encoded using the foregoing, provided that if those systems are used by persons other than Affiliates, those users are not able to extract any substantial portion of SNOMED CT.
- 5.4 Each Member shall ensure that its use of the International Release, and the use by its officers, employees, agents and contractors of the International Release, complies with all Regulations made by the Association from time to time.
- 5.5 Each Member shall comply with the Internet security measures prescribed by the Association by Regulations from time to time.
- 5.6 Each Member must distribute its National Release in such manner that no person may access any part of the National Release without first entering into a license agreement with the Association on the Affiliate License Terms, and thereby becoming an Affiliate. The Association may prescribe by Regulations the manner in which a Member is required to ensure that its National Release is only distributed to persons who are Affiliates.
- 5.7 A Member may distribute the Core as part of its National Release in a format that has been modified in accordance with paragraph 5.1.4, provided that the Member also distributes the Core as part of its National Release in the same format as the Core is distributed by the Association as part of the International Release.
- 5.8 Each license granted by a Member under paragraph 5.1.6 must comply with the requirements set out in paragraph 7.
- 5.9 Subject to paragraph 5.1.4, no Member may:
- 5.9.1 modify any part of the Core distributed to it as part of the International Release; or
 - 5.9.2 grant or purport to grant any right to any person (including any Affiliate) to modify any part of the Core distributed to it as part of the International Release.
- 5.10 No Member shall acquire any right, title or interest in or to the International Release or any part of it, other than as expressly provided in this Part B.
- 5.11 Each Member shall have the right to prescribe reasonable conditions, consistent with the Articles, in relation to the use and/or distribution by Affiliates of the International Release, and Affiliates' products containing the International Release (or any part of it), within the Member's Territory. Any Member prescribing any such conditions shall promptly publish

those conditions in a manner reasonably likely to bring them to the attention of Affiliates, and shall provide a copy of those conditions to the Association.

6. DURATION OF RIGHTS

- 6.1 The rights of each Member under paragraph 5.1 shall:
- 6.1.1 commence upon that Member becoming a Member; and
 - 6.1.2 automatically terminate upon that Member ceasing to be a Member, except as expressly provided in paragraph 6.2.
- 6.2 If a Member ceases to be a Member, without being replaced in accordance with article 4.3 of these Articles, and subject to paragraph 6.3, the Member's rights under paragraphs 5.1.1 to 5.1.8 (except 5.1.2) shall continue following the Member ceasing to be a Member, but:
- 6.2.1 the Member's rights under those provisions in respect of the International Release (itself and as part of the Member's National Release) shall be limited to the most recent version of the International Release on the date that the Member ceased to be a Member and the Member shall have no rights in respect of any subsequent version of the International Release;
 - 6.2.2 the Member's rights under paragraph 5.1.3 shall be limited to non-Standards-Based Derivatives; and
 - 6.2.3 while the Member may not create new National Extensions after the date the Member ceased to be a Member it may continue to use National Extensions created before the date the Member ceased to be a Member.
- 6.3 If a Member ceases to be a Member, without being replaced in accordance with article 4.3 of these Articles, and a new Member is subsequently admitted in the former Member's Territory in accordance with article 4.2 of these Articles, the former Member's rights that are continued under paragraph 6.2 shall automatically terminate.

7. LICENSES GRANTED BY MEMBERS

- 7.1 Each license granted by a Member under paragraph 5.1.6 must:
- 7.1.1 not conflict with any provision of the Affiliate License Terms;
 - 7.1.2 provide that no rights are granted under it other than to a person who is an Affiliate;
 - 7.1.3 not grant or purport to grant any license or other right to the Affiliate in respect of the International Release or any part of it;
 - 7.1.4 not confer or purport to confer any obligation or liability on the Association;
 - 7.1.5 provide that, upon that Member being replaced in accordance with article 4.3 of these Articles, the outgoing Member's rights and obligations under the license shall automatically transfer to the replacement Member;

- 7.1.6 survive the Member ceasing to be a Member in accordance with articles 4.4.3 or 4.4.4 of these Articles, and not be terminable by the Member except in the same circumstances as the Association may terminate a license with an Affiliate under the Affiliate License Terms;
- 7.1.7 provide that the Affiliate may not create any Standards-Based Third Party Extension or any Standards-Based Derivative from the Member's National Extensions unless that Affiliate has been issued with a Namespace Identifier in accordance with paragraph 9;
- 7.1.8 require the Affiliate to ensure that all Standards-Based Third Party Extensions and Standards-Based Derivatives that the Affiliate creates from the Member's National Extensions are created and maintained in accordance with, and comply with, all applicable Standards;
- 7.1.9 provide that either:
 - (a) the Member shall own all Intellectual Property Rights in all Standards-Based Third Party Extensions that the Affiliate creates from the Member's National Extensions; or
 - (b) the Affiliate shall own all Intellectual Property Rights in all Standards-Based Third Party Extensions that the Affiliate creates from the Member's National Extensions, but that the Affiliate may not assign or otherwise transfer those Intellectual Property Rights to any other person unless (i) that person is an Affiliate and has a Namespace Identifier; and (ii) the transfer is notified in writing to both the Member and the Association within thirty (30) days after the transfer;
- 7.1.10 provide that either:
 - (a) if agreed between the Member and the Affiliate, the Member shall own all Intellectual Property Rights in all Standards-Based Derivatives that the Affiliate creates from the Member's National Extensions and Derivatives; or
 - (b) the Affiliate shall own all Intellectual Property Rights in all Standards-Based Third Party Derivatives that the Affiliate creates from the Member's National Extensions, but that the Affiliate may not assign or otherwise transfer those Intellectual Property Rights to any other person unless (i) that person is an Affiliate and has a Namespace Identifier; and (ii) the transfer is notified in writing to both the Member and the Association within thirty (30) days after the transfer;
- 7.1.11 provide that:
 - (a) if requested by the Member, the Affiliate shall transfer to the Member, or to such other person as the Member may nominate (including the Association), all of its Intellectual Property Rights in such Standards-

Based Third Party Extensions (or parts thereof) created by the Affiliate from the Member's National Extensions as the Member may specify;

- (b) if requested by the Member and agreed by the Affiliate in the Affiliate's sole discretion, the Affiliate shall transfer to the Member, or to such other person as the Member may nominate (including the Association), all of its Intellectual Property Rights in such Standards-Based Derivatives created by the Affiliate from the Member's National Extensions as the Member may specify; and
- (c) upon the transfer to the Member of the Intellectual Property Rights in any Third Party Extension (or part thereof) or Derivative in accordance with sub-paragraph (a) or (b) of this paragraph 7.1.11:
 - i. responsibility for the maintenance and distribution of that Third Party Extension (or part thereof) or Derivative shall also transfer from the Affiliate to the Member or other transferee nominated by the Association (as the case may be); and
 - ii. accordingly, in the case of a Third Party Extension, that SNOMED CT Content shall cease to be a Third Party Extension and shall become part of the Member's National Extensions (if transferred to the Member) or the Core (if transferred to the Association).

7.2 Any license granted or purported to be granted under paragraph 5.1.6 that does not comply with the requirements set out in paragraph 7.1 shall be void but the Association may, by Resolution of the Management Board, give retrospective permission to the Member to grant that license, in which case that license shall not be void by virtue of this paragraph 7.2.

7.3 A license granted by a Member under paragraph 5.1.6 may: (i) limit the Affiliate's rights to the Member's Territory; (ii) limit the Affiliate's rights to the Member's Territory together with the Territories of other Members from time to time; or (iii) not be subject to any territorial limitation. A Member shall notify the Association as soon as reasonably practicable, and in any event within thirty (30) days, after granting any license as described in sub-paragraphs (ii) or (iii) of this paragraph 7.3, and the Association shall publish the details of that license to other Members.

7.4 Any license fees and other amounts charged by a Member under licenses granted under article 5.1.6 or article 5.1.8 shall be calculated and set by the Member at no greater a level than the Member estimates, in good faith, will allow it to recover its costs incurred in connection with its membership of the Association and activities performed pursuant to that membership.

7.5 Each Member shall comply with such Regulations as the Association may prescribe from time to time for the purpose of:

7.5.1 ascertaining a Member's compliance with paragraph 7.4; and

7.5.2 determining the action that a Member is required to take if it earns license fees or other amounts in excess of the level specified in paragraph 7.4 (which may

include, without limitation: (i) the Member reducing its license fees or other amounts for future periods; (ii) the Member reimbursing some or all of the excess license fees or other amounts to some or all Affiliates or other persons; and (iii) the Member accounting to the Association for some or all of the excess license fees or other amounts).

7.6 Each Member shall, at least once annually (and, if the Association specifies a date for purposes of this paragraph 7.6, on that date in each year), provide a list to the Association setting out:

7.6.1 each Affiliate that has notified the Member of its intention to exercise its rights under the Affiliate License Terms in any Non-Member Territory; and

7.6.2 in respect of each such Affiliate, such other details as were provided by the Affiliate in its notification to the Member.

8. NATIONAL EXTENSIONS AND DERIVATIVES

8.1 Each Member shall ensure that all Standards-Based National Extensions and Standards-Based Derivatives that it creates are created and maintained in accordance with, and comply with, all applicable Standards including the Association's quality assurance processes.

8.2 Subject to paragraphs 8.3, 8.4, 8.9 and 8.10, each Member shall own all Intellectual Property Rights in all National Extensions and Derivatives that it creates.

8.3 A Member shall, if requested by the Association, transfer to the Association all of its Intellectual Property Rights in such Standards-Based National Extensions (or parts thereof) as the Association may specify.

8.4 A Member shall, if requested by the Association and agreed by the Member in the Member's sole discretion, transfer to the Association all of its Intellectual Property Rights in such Standards-Based Derivatives created from the Core as the Association may specify.

8.5 Upon the transfer to the Association of the Intellectual Property Rights in any National Extension (or part thereof) or Derivative in accordance with paragraph 8.3 or 8.4:

8.5.1 responsibility for the maintenance and distribution of that National Extension (or part thereof) or Derivative shall also transfer from the Member to the Association;

8.5.2 accordingly, in the case of a National Extension, that SNOMED CT Content shall cease to be a National Extension and shall become part of the Core; and

8.5.3 Until that National Extension (or part thereof) or Derivative becomes part of the International Release the Member shall have the same rights and obligations in relation to that National Extension (or part thereof) or Derivative that the Member has in relation to the International Release.

8.6 A Member shall, if requested by the Association:

- 8.6.1 require an Affiliate (in accordance with sub-paragraph (a) of paragraph 7.1.11) to transfer to the Member, or to such other person as the Association may nominate (including the Association itself), the Affiliate's Intellectual Property Rights in such Standards-Based Third Party Extensions (or parts thereof) created by the Affiliate from the Member's National Extensions as the Association may specify to the Member; and
- 8.6.2 seek an Affiliate's consent (in accordance with sub-paragraph (b) of paragraph 7.1.11) to transfer to the Member, or to such other person as the Association may nominate (including the Association itself), the Affiliate's Intellectual Property Rights in such Standards-Based Derivatives created by the Affiliate from the Member's National Extensions as the Association may specify to the Member.
- 8.7 The Association shall reimburse a Member for all costs and expenses incurred by the Member in obtaining an Affiliate's consent in accordance with paragraph 8.6.2 (including any sums paid to the Affiliate in consideration for the transfer of its Intellectual Property Rights in accordance with that paragraph), provided that the Member obtains the Association's prior approval before incurring any such costs or expenses.
- 8.8 A Member shall, if requested by the Association or another Member, provide the Association or other Member (as the case may be) with full details of the specification for the process that the Member has used to create any Derivative that is not a Standards-Based Derivative.
- 8.9 A Member shall, if requested by the Association or another Member, provide the Association or other Member (as the case may be) with sufficient information, cooperation and assistance in relation to any of the Member's National Extensions and Derivatives to enable the Association or other Member (as the case may be) to make an assessment about whether the Intellectual Property Rights in those National Extensions or Derivatives should be transferred to the Association in accordance with paragraphs 8.3 and 8.4.
- 8.10 If a Member is replaced in accordance with article 4.3 of these Articles, all Intellectual Property Rights in the former Member's National Extensions and the former Member's Derivatives shall automatically transfer to the replacement Member.
- 8.11 If a Member ceases to be a Member otherwise than as described in paragraph 8.10, all Intellectual Property Rights in the former Member's National Extensions and the former Member's Derivatives shall transfer to such person as the national government of the former Member's Territory may nominate (unless the national government waives such transfer) or, in default of such nomination or waiver, to such person as the Association may nominate (including the Association itself).
- 8.12 If it is not possible, under any applicable law to which a Member (or former Member) is subject, for the Member (or former Member) to effect a transfer of any Intellectual Property Rights in accordance with articles 8.3, 8.4, 8.10 or 8.11, the Association and the Member (or former Member) shall in good faith put in place arrangements having as similar an effect as possible to a transfer of those Intellectual Property Rights.
- 8.13 In circumstances where an Affiliate transfers the Intellectual Property Rights in an Extension (or part thereof) or a Derivative to a Member in accordance with the Affiliate License Terms,

that Member shall, if requested by the Association, grant a license to that Affiliate in respect of that Extension (or part thereof) or Derivative, on the same terms as apply to the International Release under the Affiliate License Terms, until that Extension (or part thereof) or Derivative becomes part of the International Release or that Member's National Release.

9. NAMESPACES

9.1 Only the Association may issue Namespace Identifiers.

9.2 The Association shall, upon written request from a Member or an Affiliate in accordance with such procedures as the Association may prescribe by Regulations, issue one or more Namespace Identifiers to the Member or Affiliate. The Association shall not unreasonably refuse to issue a Namespace Identifier to a Member or an Affiliate.

9.3 The Association shall be responsible for ensuring that each Namespace Identifier is only issued to a single Member or Affiliate.

10. THE ASSOCIATION'S TRADEMARKS AND LOGO

10.1 No Member shall:

10.1.1 use any trademark, service mark or logo (or any registrations thereof), other than the Association's trademarks, in any name that includes the word "SNOMED", "IHTSDO" or "International Health Terminology Standards Development Organisation", or that is confusingly similar to "SNOMED", "SNOMED CT", "IHTSDO", "International Health Terminology Standards Development Organisation" or any other similar trademark;

10.1.2 apply for any trademark, service mark, or logo (or any registrations thereof) in any name that includes the word "SNOMED", "IHTSDO" or that is confusingly similar to "SNOMED", "SNOMED CT", "IHTSDO", "International Health Terminology Standards Development Organisation" or any other similar trademark;

10.1.3 abbreviate the marks "SNOMED", "SNOMED CT", "IHTSDO" or "International Health Terminology Standards Development Organisation"; or

10.1.4 do anything with respect to the foregoing trademarks, service marks or logo that damages or could reasonably be deemed to reflect adversely on the Association or such trademarks.

10.2 Each Member shall:

10.2.1 include the following notice on all media on which its National Release (or any part of it) is distributed and on the documentary form of each license granted by the Member under paragraph 5.1.6:

"This material includes SNOMED Clinical Terms® (SNOMED CT®) which is used by permission of the International Health Terminology Standards Development Organisation (IHTSDO). All rights reserved. SNOMED CT®, was originally created by The College of American Pathologists. "SNOMED" and "SNOMED CT" are registered trademarks of the IHTSDO."

- 10.2.2 specify in all media on which the National Release are distributed the version and date of the International Release contained in the National Release.
- 10.3 The Association will set out in regulations the terms on which members can use the “SNOMED” and “SNOMED CT”, “IHTSDO” and “International Health Terminology Standards Development Organisation” trademarks, service marks and logo and all use by a Member of the “SNOMED”, “SNOMED CT”, “IHTSDO” and “International Health Terminology Standards Development Organisation” trademarks, and all goodwill resulting from that use, shall inure to the Association’s benefit. Each Member shall ensure that its use of those trademarks (including on its National Release) complies with the requirements set out in this Part B and with all Regulations made by the Association from time to time in respect of the use of its trademarks, service marks and logo.
- 11. REPRESENTATIONS, WARRANTIES AND LIMITATIONS OF LIABILITY**
- 11.1 To the extent permitted by law, the Association excludes all representations, warranties and conditions that would otherwise be implied by law in this Part B (including, without limitation, all implied warranties of merchantability or fitness for a particular purpose).
- 11.2 Without limiting paragraph 11.1, the Association does not represent or warrant that the International Release or any part of it will satisfy any Member’s requirements, operate in combinations selected by the Member or be free from defects or errors.
- 11.3 The Association shall not be liable to any Member, and no Member shall be liable to the Association, whether in contract, tort (including negligence), misrepresentation, breach of statutory duty or otherwise, for any of the following arising under or in connection with this Part B (including, without limitation, in respect of the Member’s use of or inability to use the International Release or any part of it):
- 11.3.1 indirect or consequential loss;
 - 11.3.2 special or punitive damages;
 - 11.3.3 loss of profits, loss of savings and loss of revenue;
 - 11.3.4 loss of business, loss of reputation and loss of goodwill; and
 - 11.3.5 loss of data.
- 11.4 The entire aggregate liability of the Association to each Member, and of each Member to the Association, arising under or in connection with this Part B in any financial year, whether in contract, tort (including negligence), misrepresentation, breach of statutory duty or otherwise, shall not in any event exceed the Annual Fee paid or payable by that Member in respect of that financial year.
- 11.5 Nothing in this Part B excludes or limits the liability of the Association or any Member for fraud (including fraudulent misrepresentation) or for any other liability that by law cannot validly be excluded or limited (but only to the extent that the liability cannot validly be excluded or limited).

- 11.6 A Member may not bring any claim against the Association, and the Association may not bring any claim against any Member, arising under or in connection with this Part B (including, without limitation, in respect of the Member's use of or inability to use the International Release or any part of it) more than two years after the date on which the cause of action arose.

Part C

Defined Terms and Interpretation

12. DEFINITIONS

In this Schedule 3, the following terms have the following meanings:

"Affiliate License Terms" means the standard terms on which the Association licenses the International Release to Affiliates, as adopted by the Management Board and approved by the General Assembly from time to time;

"Core" means the SNOMED CT Content that is controlled, maintained and distributed by the Association from time to time;

"Cross-Map" means a work consisting of (i) SNOMED CT Content and (ii) content of another nomenclature, classification or knowledge structure, together with a set of relationships between (i) and (ii);

"Derivative" means a work consisting of (a) SNOMED CT Content, from the Core or an Extension together with (b) either (i) additional properties and/or information about such SNOMED CT content and/or (ii) any set of relationships between that SNOMED CT Content and content of other nomenclature, classification or knowledge structure, and includes a Cross-Map and a Sub-Set;

"Extension" means a work consisting of SNOMED CT Content alone that is supplementary to other SNOMED CT Content and that depends on that other SNOMED CT Content, and includes a translation of any SNOMED CT Content into any language other than the original language of its development;

"International Release" means the release produced and distributed by or on behalf of the Association, consisting of the Core, the Specifications, the Association's Derivatives and other documents and software;

"Namespace Identifier" means a code or that part of a code that identifies the organisation responsible for creating and maintaining a Standards-Based Extension or a Standards-Based Derivative and is used as an element of SNOMED CT Identifiers;

"National Extension" means an Extension that is controlled and maintained by a Member and is SNOMED CT Content supplementary to the Core;

"National Release" means, in respect of each Member, the release produced and distributed by the Member, consisting of the International Release, the Member's National Extensions, the Member's Derivatives and other documents and software;

“Relationship” means a relationship, of a kind defined by the Association in Specifications, between concepts (which may be, without limitation, a hierarchical or an associative relationship) or between a concept and a description;

“SNOMED CT” means the concept-based work of clinical nomenclature and classification with multiple hierarchies and semantic definitions known as SNOMED Clinical Terms (SNOMED CT);

“SNOMED CT Content” means terminological content, consisting of concepts, descriptions and Relationships, each of which is identified using a SNOMED CT Identifier;

“SNOMED CT Identifier” means a code, of a kind defined by the Association in Specifications, for identifying concepts, descriptions and Relationships;

“Specification” means specifications promulgated by the Association from time to time for products and processing relating to SNOMED CT, including specifications of the internal logic of SNOMED CT, editorial policies, guidelines and characteristics;

“Standard” means a Specification that is formally adopted by the Association through such procedures as the Association may prescribe by Regulations;

“Standards–Based” means, in respect of an Extension (including a National Extension and a Third Party Extension) or a Derivative, an Extension or Derivative the creation of which is the subject of one or more Standards;

“Sub-Set” means a sub-set of SNOMED CT Content that is grouped together for one or more purposes; and

“Third Party Extension” means an Extension that is controlled and maintained by an Affiliate and is SNOMED CT Content supplementary to the Core or a National Extension (or both).

13. **INTERPRETATION**

- 13.1 In this Schedule 3, unless the context requires otherwise, a reference to a paragraph is to a paragraph of this Schedule 3.
- 13.2 A reference in this Schedule 3 to the **“modification”** (or any similar term) of any SNOMED CT Content includes the alteration and deletion (or both) of that SNOMED CT Content or any part of it.
- 13.3 In this Schedule 3, a reference to a Third Party Extension being created from a National Extension means that the SNOMED CT Content in that Third Party Extension is supplementary to and dependent on the National Extension (and such a Third Party Extension is not to be treated as being created from the Core notwithstanding that it may also be supplementary to and dependent on the Core).