

INTERNATIONAL HEALTH TERMINOLOGY
STANDARDS DEVELOPMENT ORGANISATION



Articles of Association
(vedtægter)

for

**International Health Terminology Standards
Development Organisation**

9 March 2007

(As amended on 20 April 2008)

Version 5.0

(IHTSDO)

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1. NAME, PLACE OF BUSINESS AND GOVERNING LAW

- 1.1 The name of the Association (*Foreningen*) is the "International Health Terminology Standards Development Organisation" (*forening med begrænset ansvar*) (the "**IHTSDO**", referred to in these Articles as the "**Association**").
- 1.2 The Association may conduct any part of its activities under the following secondary name:
- “**SNOMED SDO**” (International Health Terminology Standards Development Organisation (*forening med begrænset ansvar*));
- “**SNOMED Standards Development Organisation**” (International Health Terminology Standards Development Organisation (*forening med begrænset ansvar*));
- “**SSDO**” (International Health Terminology Standards Development Organisation (*forening med begrænset ansvar*)).
- 1.3 The Association has its place of business in Copenhagen, Denmark.
- 1.4 The Association is established under Danish Law.

2. PURPOSE, OBJECTS AND PRINCIPLES OF THE ASSOCIATION

2.1 Purpose

- 2.1.1 The Purpose of the Association is, in accordance with its Objects and Principles, 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**");
 - (b) develop, maintain, promote and enable the uptake and correct use of its Terminology Products in health systems, services and products around the world; and
 - (c) undertake any or all activities incidental and conducive to achieving the Purpose of the Association

for the benefit of the Members.

2.1.2 The Association will not:

- (a) distribute any of its surpluses or assets to its Members, except in accordance with Schedule 2 of these Articles; or
- (b) retain accumulated surpluses that, in the view of the Management Board, are not necessary or appropriate for the operation and/or development of the Association and its activities.

2.1.3 Any excess accumulated surpluses that are not to be retained as contemplated by clause 2.1.2 (b) shall be either:

- (a) applied to the lowering of the Annual Fee, in such a manner as is determined by the General Assembly in its Ordinary Meeting; or
- (b) if proposed by the Management Board and approved by the General Assembly by a Super Majority, devote or contribute such surplus, or any portion thereof, to one or more projects or non-profit organizations pursuing objectives consistent with the Objects of the Association set forth in clauses 2.2.1 (a) - (b).

2.2 Objects

2.2.1 The Objects of the Association are to:

- (a) enhance the health of humankind by facilitating better health information management;
- (b) contribute to improved delivery of care by clinical and social care professions;
- (c) facilitate the accurate sharing of clinical and related health information, and the semantic interoperability of health records;
- (d) encourage global collaboration and cooperation with respect to the ongoing improvement of the Terminology Products; and
- (e) provide the foregoing on a globally co-ordinated basis, thereby enabling the Members and the related organisations within their Territories to pool resources and share benefits relating to the development and maintenance of, and their utilisation of and reliance upon, the Terminology Products.

2.3 Principles

- 2.3.1 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.
- 2.3.2 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, the overall value and utility of all of its assets and, in particular, the technical and clinical fitness of the Terminology Products.
- 2.3.3 The Association will seek to work with other parties relevant to achieving its Purpose and Objects in a spirit of collaboration and will, as appropriate, seek to facilitate interoperability of its Terminology Products with other relevant standards and products.
- 2.3.4 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 does not conflict with the Association's Purpose and Objects.
- 2.3.5 The Association will strive to avoid taking any action which is expected to confer upon certain Members or other parties undue advantages over other Members or over the Association, except with respect to the rights, privileges and obligations granted to the Members specified in these Articles.

3. MEMBERS' LIABILITY

- 3.1 Members shall not be liable for any acts or omissions by the Association or any of its Directors, or be deemed to be guarantors of any liabilities or obligations of the Association or any of its Directors.
- 3.2 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.
- 3.3 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 under a Member Contract (as contemplated by clause 7.7).
- 3.4 Without limiting the generality of clauses 3.1 to 3.3, 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.
- 3.5 The limitations set forth in this clause 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 Categories

- 4.1.1 The Association will have the following two categories of Member, together referred to as "**Members**":
- (a) Charter Members, and
 - (b) Ordinary Members.

- 4.1.2 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.
- 4.1.3 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.
- 4.1.4 The country, nation, state or geography 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.
- 4.1.5 The Management Board will keep a current and accurate record of all Members of the Association.
- 4.1.6 A Charter Member may, for its own reasons or as a result of applicable policy or law, decline to participate in the management of the Association and decline to nominate a nominee to serve on the Management Board, and this will not abridge any rights or privileges that would otherwise be available to the Charter Member under these Articles.

4.2 Charter Members

4.2.1 On formation of the Association the Charter Members shall be:

- (a) The National E-Health Transition Authority Ltd (ABN: 18 114 638 336) (NEHTA), a public company limited by guarantee, as the Charter Member for **Australia**;
- (b) Canada Health Infoway Inc., as the Charter Member for **Canada**;
- (c) The Danish National Board of Health as the Charter Member for **Denmark**;
- (d) The Lithuanian Ministry of Health as the Charter Member for **Lithuania**;
- (e) Subject to the condition subsequent set forth in clause 4.2.3, the State of **the Netherlands**, hereby represented by the Minister of Health, Welfare and Sport (the “**DMH**”);
- (f) The New Zealand Ministry of Health, as the Charter Member for **New Zealand**;
- (g) The Government of the Kingdom of Sweden, represented by the Ministry of Health and Social Affairs, as the Charter Member for **Sweden**;
- (h) The Secretary of State for Health, acting through its agency NHS Connecting for Health, as the Charter Member for **The United Kingdom of Great Britain, Northern Ireland, the Channel Islands and the Isle of Man**; and
- (i) The U.S. National Library of Medicine (a unit of the National Institutes of Health, Department of Health and Human Services) (NLM), a U.S. federal government agency, as the Charter Member for **The United States of America**,

4.2.2 Except for Charter Members who are replaced in accordance with the procedure set out in clause 4.4, there shall be no new or additional Charter Members beyond those listed in clause 4.2.1 above.

4.2.3 While the DMH has participated in the discussions and activities leading to the formation of the Association, with the expectation (on the part of all relevant participants) that it would be one of the Charter Members of the Association, the DMH did not receive prior to the formation of the Association all internal approvals and authorizations that are necessary for it to join the Association as a Charter Member (the “**DMH Approvals**”). Accordingly, the membership of DMH as a

Charter Member, pursuant to clause 4.2.1, is subject to the condition that, on or prior to 10 April 2007, the DMH deliver to the Association and each other Charter Member a written notice confirming that it has obtained the DMH Approvals. If such condition is satisfied, the DMH shall be deemed for all purposes to have been a Charter Member from formation of the Association, with no differences or distinctions of any kind between its status, rights and obligations with respect to the Association and the status, rights and obligations of any other Charter Member. In the event that such condition is not satisfied, for any reason, then (i) DMH shall be deemed for all purposes to have never been a Charter Member of the Association, and all references in these Articles to DMH shall be disregarded, and (ii) thereafter DMH shall be entitled to apply to become an Ordinary Member, but not a Charter Member, of the Association in accordance with the requirements of clause 4.3, with no difference between the application of such requirements and any related provision to the Articles to DMH as compared to any other applicant to become an Ordinary Member.

4.3 Ordinary Members

4.3.1 Ordinary Members are those Members who are admitted as Members in accordance with the requirements of this clause 4.3 and who are not Charter Members or replacements of Charter Members admitted pursuant to clause 4.4.

4.3.2 To be eligible to be the Ordinary Member for or in respect of a specific Territory, an applicant must 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.

4.3.3 To become an Ordinary 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 clause 4.3.2 of these Articles, and
 - ii. agreeing to be bound by these Articles (including its appendices), 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 clause 4.3.4);
- (c) pay within 30 days of such acceptance by the Management Board both:
 - i. a Joining Fee as specified in clause 7.2; and
 - ii. any of the Member's Annual Fees due for such financial year in which such Member is admitted, as specified in clause 7.1 and subject to pro ration as set out in clause 7.2.3;

4.3.4 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 clause 4.5.3, 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.

4.4 Replacement of Members

4.4.1 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 clause 4.3.2 of these Articles (irrespective of whether the Member is a Charter Member or an Ordinary Member);
- (b) agrees to be bound by these Articles (including its appendices), any other policies or other requirements specifically referred to in these Articles, and the Regulations; and
- (c) agrees to assume all rights and obligations of the Member which it is replacing, in relation to the Association and/or under those Articles and the other instruments referred to in clause 4.4.1(b).

A Nominee shall, when admitted, be a Member of the same membership category as the Member that it replaces (i.e. Charter Member if replacing a Charter Member, and otherwise an Ordinary Member).

4.5 Cessation of Membership

4.5.1 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 clause 4.4 of these Articles;
- (b) the Member's membership is cancelled in accordance with clause 4.5.3 of these Articles; or
- (c) the Member's resignation is presented and takes effect in accordance with clause 4.5.5 of these Articles.

4.5.2 Membership may only be transferred in accordance with the process for replacement of a Member set out in clause 4.4 of these Articles.

4.5.3 A Member may have its membership cancelled by a two-thirds majority of votes cast at a meeting of the General Assembly of the Association, 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 clause 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 meeting of the General Assembly in which the vote is taken.

4.5.4 In the event of cancellation of its membership, 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) receive no part of the assets of the Association; and
- (d) remain bound by the obligations specified in clauses 5 of these Articles.

4.5.5 A Member may resign from the Association by giving 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.

4.5.6 A Member resigning in accordance with clause 4.5.5 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) receive no part of the assets of the Association; and
- (d) remain bound by any obligations specified in clause 5 of these Articles.

4.5.7 If an Annual Fee falls due for payment during a period of notice given by a Member under clause 4.5.5, 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.

4.6 Cessation of Member's Territory

4.6.1 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 clause 5.6 shall apply. The provisions of clause 4.5.6 shall also apply to such Member as if such Member had resigned from the Association.

5. RIGHTS AND OBLIGATIONS

5.1 Effect of the Articles

5.1.1 These Articles have binding effect among:

- (a) the Association and each Member; and
- (b) the Association and each Director and Executive of the Association,

and each such person agrees to be bound by the terms of these Articles and to perform their obligations under these Articles.

- 5.1.2 No contract of service entered into by the Association with a Director or Executive may abrogate or diminish the obligations, duties or liabilities of such Director or Executive under these Articles.
- 5.1.3 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.
- 5.1.4 When such rights as referred to in clause 5.1.3 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.

5.2 Rights of Members

- 5.2.1 Each Member has the rights and obligations in respect of the Association's Terminology Products that are set out in Schedule 3 to these Articles.
- 5.2.2 While remaining a Member, the Member is entitled, but not required:
 - (a) to be represented at, to participate fully in and to vote at meetings of the General Assembly; and
 - (b) to nominate candidates for appointment to the Management Board, Committees and Working Groups of the Association.

5.3 Additional Rights of Charter Members

- 5.3.1 In addition to having the rights of a Member under clause 5.2, each Charter Member:

- (a) is entitled but, as set out in Article 4.1.6, not required to have its nominee hold one of the positions on the Management Board until the conclusion of the first meeting of the General Assembly after 31 December 2011;
- (b) may remove or replace any such nominee from time to time at its own discretion.

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 from time to time;
- (b) to use best endeavours to ensure that any use, adaptation and distribution of the Terminology Products and use of the Association's trade marks 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 clause 4.3.2 (irrespective of whether the Member is a Charter Member or an Ordinary Member);
- (e) to provide to the Association, in a timely manner, documentation detailing 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 provide and publicise effective services allowing Affiliates and other experts to provide recommendations for enhancements, changes, updates and corrections to the Terminology Products in accordance with clause 5.4.1(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 licences granted by the Member to Affiliates within the Member's Territory (to include, in the case of each licence, the

identity of the Affiliate the products provided under the licence and the payment terms under the licence), 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;
- (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, Standing Committees and in other governance functions of the Association;
- (l) to ensure that:
 - i. any person nominated or appointed by the Member to serve on the Management Board, Standing Committees and for other governance functions within the Association (a "**Nominated Person**") have the capacity, support and funding to perform those duties;
 - ii. when a Nominated Person of such Member is unavailable, and if so permitted by the Articles and Regulations, a deputy, alternate or substitute is provided at such Member's expense; and
 - iii. there is effective communication between any Nominated Person of a Member and any wider stakeholder community from which the Nominated Person is drawn (in particular, with representatives of other Members from Territories in the Geographical Constituency (as defined in clause 9.1.4) that includes the Territory of the Member who has appointed such Nominated Person).

5.4.2 Each Member shall establish arrangements 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, trade marks 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 trade marks 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, trade marks 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, trade marks 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 trade marks 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, trade marks or any other of its Intellectual Property; or
 - v. any claim or allegation that any of the trade marks 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 clause 5.5.1(d).

Any external or out-of-pocket costs reasonably incurred by a Member in discharging its obligations under this clause 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 clause 5.5.1(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 clause 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 clause 5.5.1, or in respect of which the Association assumes control under clause 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) 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:
 - 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 minimise 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; and

- (d) give all reasonable co-operation 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 clause 4.4 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.

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 clause 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 Purpose, Objects and Principles of the Association;
- (b) the need to ensure that Affiliates and end-users of the Association's Terminology Products, trade marks 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 in a meeting of the General Assembly:

- (a) acquire and obtain title to the SNOMED CT and associated trade marks and other Intellectual Property;

- (b) from time to time consider and, where justified, acquire other Terminology Products including associated trade marks and other Intellectual Property required for their operation, exploitation, support and maintenance;
- (c) 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;
- (d) provide regular (at least twice yearly) International Releases of SNOMED CT;
- (e) provide up-to-date documentation of other terminology products in line with specific policies and procedures;
- (f) arrange and support meetings of experts through Standing Committees and Working Groups;
- (g) 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 General Assembly, Management Board, Harmonisation Bodies and Committee Meetings;
- (h) 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 Standing Committee in an up-to-date and easy-to-use form; and
- (i) take any action required to protect the rights, assets and property of the Association in relation to the Terminology Products, trade marks and any other Intellectual Property of the Association.

5.7.3 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 support Standing Committee and Working Group activities and development of the Terminology Products.

5.7.4 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.

- (a) 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 either (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.
- (b) If the Association fails to deliver any notice as required by clause 5.7.4(a), 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 meeting of the 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 of the General Assembly for such purpose shall be convened as promptly as practical, in accordance with the notice and other requirements contained in clause 8.
- (c) 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 have delivered a Defect Notice.

- (d) In the event that the Association fails in a material respect to take actions required to be taken by it pursuant to clause 5.7.4 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 clause 4.5.5 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 clause 4.5.5, 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.

6. AFFILIATES AND SPONSORED TERRITORIES

6.1 Affiliates

- 6.1.1 One of the principal functions and roles of the Association is to license the Terminology Products to persons having any need or interest in utilising the Terminology Products, and to support and facilitate the use of the Terminology Products by such persons. The Association may provide in any such licence 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 licence remains in effect.

6.2 Sponsored Territories

- 6.2.1 The Association may recognise and designate any Territory as a "**Sponsored Territory**", if such Territory satisfies the conditions set forth in clause 6.2.3 and is not a Member.

6.2.2 If a Territory is recognised and designated as a Sponsored Territory, any Affiliates in such Territory will be entitled to reduced fees in respect of their use of the Terminology Products, as specified in Schedule 3 of these Articles.

6.2.3 To be eligible to be recognised and designated as a Sponsored Territory, a Territory must:

- (a) have a World Bank GNI atlas value that is less than or equal to 18,000,000,000; and
- (b) agree to pay, or have paid on its behalf by any person, to the Association a one-off fee equal to 8 times the amount of the Annual Fee that would be payable by the Territory (without regard to any pro ration) if such Territory were to become a Member (the "**Sponsored Territory Fee**"); and
- (c) have the approval of its Ministry of Health or similar relevant authority with respect to its becoming a Sponsored Territory.

The Management Board may waive the requirement in clause 6.2.3(a) with respect to the recognition and designation of a Territory as a Sponsored Territory, if either (x) no World Bank GNI atlas value is available for the Territory and the Management Board reasonably concludes that, were such statistic available, it would satisfy the requirement in clause 6.2.3(a), or (y) the Management Board reasonably concludes that the Territory would, but for the larger size and/or population of the Territory relative to other Territories which are or could be Sponsored Territories, satisfy the requirement in clause 6.2.3(a).

7. FEES

7.1 Annual Fees

7.1.1 The Management Board will, by no later than 30 September of 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 licence fees and revenues from Affiliates (those with direct Licenses from the International Health Terminology SDO), anticipated Joining Fees any anticipated Special Fees, other anticipated revenues, 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 Ordinary Meeting of the General Assembly, the Members shall, in accordance with clause 8 of these Articles and subject to clauses 7.3.2 and 7.3.3 of these Articles, consider and vote upon a resolution approving the items listed in clauses 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 clause 4.3.3(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 clause 4.5.3 of these Articles to have the Member's membership cancelled.

7.2 Joining Fees and Initial Annual Fees

7.2.1 Subject to clause 7.2.4, upon first becoming an Ordinary Member a Joining Fee shall become payable, in accordance with clause 4.3.3, by such Ordinary Member in an amount equal to the full Annual Fee of such Ordinary Member in respect of the financial year during which such Ordinary Member becomes a Member,

assuming for such purposes that such Ordinary 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 Ordinary Member from its obligation to pay the Annual Fee for the financial year in which it becomes a Member.
- 7.2.3 An Ordinary 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 General Assembly may, in its absolute discretion, waive any new Ordinary Member's obligation to pay a Joining Fee. Such waiver shall neither relieve any other Ordinary Member of its obligation to pay a Joining Fee nor entitle any other Ordinary Member to reimbursement of a Joining Fee already paid to the Association.
- 7.2.5 The payment of an initial Annual Fee by a new Ordinary 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 current 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 Members voting on the matter.

- 7.3.3 Should any proposed Aggregate Annual Fee be more than 103% of the then current 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 Members voting on the matter.
- 7.3.4 In the event that the resolution at the General Assembly to approve 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 current Aggregate Annual Fee, pending passage of a resolution setting such Aggregate Annual Fee at any different amount
- 7.3.5 For the purposes of this clause 7.3, the current Aggregate Annual Fee in 2007 shall be deemed to be \$7,591,812.

7.4 Set-up Payments

- 7.4.1 Independent of any Fees, each Charter Member shall be obligated to make a payment to the Association in the amount set out in Table 2 of Schedule 2 (the "**Set-up Payments**"), which payments will fund the Association's initial acquisition of SNOMED CT IP from the College of American Pathologists, as well as certain organisational and start-up costs of the Association.
- 7.4.2 Immediately following establishment of the Association, the Association shall issue invoices to each Charter Member in respect of its Set-up Payment, and such Set-up Payment will be due and payable in full within 30 days of the date on which such invoice is issued or such later date as may be specified in such invoice, provided that such Set-up Payment shall in no event be due and payable prior to the execution of a definitive agreement between the Association and College of American Pathologists to transfer the SNOMED CT IP and associated Intellectual Property Rights from the College of American Pathologists to the Association.

7.5 Special Fees

- 7.5.1 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 clause 7.5.1 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**".

- 7.5.2 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 of the General Assembly. 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 clause 7.6); 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.
- 7.5.3 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).
- 7.5.4 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 clause 7.5.2) to the Members.

7.6 Fee Offsets

- 7.6.1 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 clause 7.6.2, 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.
- 7.6.2 The "**Fee Offset Balance**" of a Member at any particular time means the sum of (x) the aggregate amount of such Member's Approved Direct Set-up Costs (as defined below in clause 7.6.4) and (y) 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.
- 7.6.3 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.
- 7.6.4 Prior to the establishment of the Association, the entities which have become the Charter Members agreed upon certain external expenses that have been or were being incurred directly by such entities in connection with the initial establishment of the Association and related matters and in respect of which the Charter Members will effectively be reimbursed through reductions in the cash amounts payable by them for their Annual Fees (such external expenses being referred to as "**Direct Set-Up Costs**"). A description of the Direct Set-Up Costs, together with agreed estimates of the amounts thereof, are set forth in paragraph 5 of Schedule 2 to

these Articles. Within 90 days following the initial establishment of the Association, each Charter Member who has incurred Direct Set-Up Costs may submit to the Management Board such relevant information and documentation, including invoices, as the Management Board may request, and the Management Board will review such documentation and determine the amount of each such Charter Member's claimed external expenses that the Management Board will treat as Direct Set-Up Costs, which determination by the Management Board shall be made on a reasonably consistent basis as among the Charter Members, and reflect the agreed items and estimates reflected in paragraph 5 of Schedule 2 and the pre-establishment agreement and understanding among the Charter Members reflected therein. The amount so determined for each such Charter Member by the Management Board is referred to as that Charter Member's "**Approved Direct Set-Up Costs**".

7.6.5 Notwithstanding the other provisions of this clause 7.6, each Charter Member will be entitled to a Fee Offset in the amount of its Approved Direct Set-Up Costs with respect to the Annual Fee payable by it for 2008, provided that the Management Board may determine, on a pro rata basis among all Charter Members, to postpone all or any part of such Fee Offsets until the Annual Fees for 2009 and/or to apply all or any part of such Fee Offsets to any Special Fee that becomes due and payable prior to the time that the Annual Fees for 2009 become payable.

7.7 Member Contracts

7.7.1 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; and/or (ii) that Member's remedies in respect of Work Defects (as those remedies and Work Defect are defined in clause 5.7.4); and/or (iii) the fees to be paid by the Member to the Association in respect of the Terminology Products.

7.7.2 A Member Contract may relieve the Member from any or all of its payment obligations under clauses 7.1 to 7.6, as and to the extent provided in such Member Contract.

- 7.7.3 Except as set out in clauses 7.7.1 and 7.7.2, 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 clause 7.7, these Articles shall continue to apply in respect of all matters that are not covered by the Member Contract.
- 7.7.4 A Member Contract may be governed by laws other than Danish 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.
- 7.7.5 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 clause 7, with a view towards assuring that, and the provisions of this clause 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 The General Assembly is the highest authority of the Association and can make binding decisions regarding all matters relating to the Association, subject to and in accordance with the provisions of these Articles.
- 8.1.2 The General Assembly is collectively charged with assuring that the Purpose, Objects and Principles of the Association are pursued and that the interests of the Association are safeguarded.
- 8.1.3 To assist the General Assembly in discharging this role, the General Assembly may elect an Internal Auditor from among its 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 Danish Law applicable to it or the Association.

- 8.1.4 The General Assembly shall be a forum in which or through which Members may, individually or jointly, choose to exercise the various powers granted within and by these Articles. Meetings of the General Assembly will serve as an opportunity for the Members to discuss and debate fully any aspect of the business and affairs of the Association.
- 8.1.5 All General Assembly meetings shall be presided over by a Chair who will be elected by the General Assembly, and may be a Nominated Person of a Member, or any other person.
- 8.1.6 The Chair shall not be entitled to vote in General Assembly meetings 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.
- 8.1.7 Except as otherwise specifically required by these Articles, all resolutions considered at any meeting of the General Assembly will be decided by a simple majority of votes cast by Members voting on the resolution. If a vote is tied, the resolution will not be passed.

8.2 Meetings

- 8.2.1 All meetings of the General Assembly will be held at such location as stated in the notice convening the General Assembly meeting and, subject to clause 8.2.6, will be convened by the Management Board. At least one of the meetings of the General Assembly in each year will be held in Copenhagen.
- 8.2.2 The Management Board will prepare, produce and distribute to the Members, not less than six weeks prior to the General Assembly Meeting, notice of and an agenda for the General Assembly Meeting being convened. If necessary due to special circumstances and with the consent of more than two thirds of the Members the General Assembly Meeting can be convened with a shorter notice. The Members' consent can be expressed prior to or at the General Assembly Meeting.

8.2.3 The quorum for a General Assembly meeting will be achieved when more than 50% of all Members of the Association are present in the meeting, whether in person, by proxy or in the manner permitted by clause 8.2.12.

8.2.4 The proceedings of all General Assembly meetings 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 Members within 14 days of the close of the meeting.
- (b) Members 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 Members within 14 days of expiry of the period allowed for Members' 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).

8.2.5 The General Assembly will hold two Ordinary Meetings, one in April and one in October of each year.

8.2.6 The General Assembly will hold Extraordinary Meetings at the request of:

- (a) the Management Board; or
- (b) the External Financial Auditor; or
- (c) one-third of all Members if such request, together with an agenda setting out the specific business to be dealt with at the Extraordinary Meeting, is delivered in writing to the Management Board.

8.2.7 Every Member is entitled to:

- (a) have specific business or matters referred for discussion by or decision of the General Assembly;
- (b) attend meetings of the General Assembly; and
- (c) speak at such meetings.

8.2.8 Each Member shall have one vote on each item presented in meetings of the General Assembly.

8.2.9 The attendance by a Member of a meeting of the 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.

8.2.10 Each Member should choose its Nominated Representative from among persons most qualified by their technical competence and experience with respect to health systems, nomenclature systems, representative roles or directorship abilities. 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 as to advanced notice.

8.2.11 Member's Nominated Representatives are also entitled to attend General Assembly meetings by proxy. The proxy 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 meeting or at any adjournment of the meeting.

8.2.12 The Management Board will ensure that Members, at their choice, are able to participate in and attend meetings of the General Assembly through the medium of conference telephone or similar form of communications equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting. Members participating by these mechanisms will be considered present at the meeting, entitled to vote and will count towards the quorum. The meeting will take place and will be deemed to take place in the location where the notice convening the meeting states it will take place.

8.2.13 Each Nominated Representative will be entitled to be accompanied by a single adviser at meetings of the General Assembly, or multiple advisers if permitted by the Chair.

8.2.14 Meetings of the General Assembly 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 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.

8.2.15 The Management Board will ensure that meetings of the General Assembly (other than meetings which will be closed to the public in their entirety pursuant to clause 8.2.14) are announced on the Association's website at least eight weeks in advance of the date on which it is to be held.

8.2.16 Prior to any meeting of the General Assembly, each Member shall fully and fairly disclose to the Chair or to the General Assembly any material conflict of interest it has with respect to any matter being discussed or voted at such meeting of the 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.

8.2.17 The Association's Conflict of Interest Policy may prohibit a Member from voting on a matter as to which such Member has a conflict of interest of the type described in clause 8.2.16.

8.2.18 The Ordinary Meeting of the General Assembly 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 for the next financial year; and

- ii. the Management Board's proposed Aggregate Annual Fee for the next financial year.
- (b) the election of the:
 - i. the members of the Management Board (other than those appointed pursuant to clause 9.1.3) whose terms are then expiring;
 - ii. those members of any Committees (other than those who are not required to be elected by the General Assembly) whose terms are then expiring or whose positions have been deemed vacant due to non-attendance in accordance with Regulations issued pursuant to clause 9.4.15;
- (c) any general or special business referred to the General Assembly by the Management Board for consideration in the Ordinary Meeting; and
- (d) any other business referred to the General Assembly by any Member for consideration in the Ordinary Meeting.

8.2.19 The Ordinary Meeting of the General Assembly 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.

8.2.20 At the request of any Member, 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 meeting of the 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;
- (c) that is or may be relevant to any resolution on which a vote is to be taken at that General Assembly meeting.

8.2.21 If information requested in clause 8.2.20 of these Articles is not disclosed due to it not being available at the time of such General Assembly meeting, such information will be sent to the Members as soon as it becomes available. Unless such information is of the type referred to in clause 8.2.14 of these Articles, such information will be posted on the Association's website at the same time as it is sent to the Members.

8.2.22 Relevant materials relating to matters to be addressed at any meeting of the General Assembly will be provided to Members as far in advance of such meeting as is reasonably practicable.

8.2.23 All material and information relating to any General Assembly meeting that is made available for public inspection will be provided both at the Association's place of business and on the Association's website.

8.2.24 Any Member is entitled to have specific business considered at a General Assembly meeting if:

- (a) the issue has not been adequately addressed by Management Board action to the reasonable satisfaction of the Member, and
- (b) the Member 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 the General Assembly meeting.

8.2.25 Any Director is entitled to have specific business considered at a General Assembly meeting 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 the General Assembly Meeting.

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 she, reasonably believes is in the best interests of the Association and is consistent with the pursuit and protection of the Purpose, Objects and Principles of the Association.

9.1.2 As shall be more fully set out in the Association's Conflicts of Interest Policy, which is to be prepared by the Management Board and approved by the General Assembly, and in accordance with the procedures to be set out in such policy:

- (a) Directors have a duty of impartiality.
- (b) Every Director will fully and fairly disclose to the Chair of the Management Board any actual or potential conflict of interest, whether held directly or indirectly, she or the Member with which she is affiliated has in relation to any matter being addressed by the Management Board (above and beyond the interest the Member will have as a Member of the Association in common with all other Members).
- (c) The Chair to whom such a declaration is made shall determine, in her reasonable discretion, whether there is in fact a conflict of interest and, if so determined, the extent to which it is necessary or appropriate to disclose such conflict to all other Directors and/or to require that the relevant Director shall 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. The Directors shall be required to adhere to any such determinations by the Chair.

- (d) If the Chair has a conflict of interest of the kind described in clause 9.1.2 (b), the disclosure required by clause 9.1.2 (b) will be by the Chair to the Management Board and the determinations contemplated by clause 9.1.2 (c) will be by the Management Board rather than the Chair.

9.1.3 Until the conclusion of the first meeting of the General Assembly after 31 December 2011, the Association will have a Management Board of up to twelve Directors (but no less than three Directors), comprised as follows:

- (a) Each Charter Member shall be entitled to appoint one Director and one substitute for such Director to the Management Board.
- (b) An appointed Director's substitute may attend meetings of the Management Board when the Director cannot attend, and in such circumstances the substitute will have the same rights and obligations as the appointed Director.
- (c) Each Ordinary Member shall be entitled to nominate a person for election as Director to the Management Board and nominate a person for election as substitute to the Management Board.
- (d) In the event that there would be one or more vacant positions in the Management Board assuming the election of all persons nominated pursuant to clause 9.1.3. (c), each Charter Member will be entitled to nominate a maximum of two persons each for election to fill such vacancy.
- (e) In the event that there would be one or more vacant positions in the Management Board assuming the election of all persons nominated pursuant to clause 9.1.3 (c) and (d), each Charter Member and each Ordinary Member will be entitled to nominate a further two persons each for election to fill such vacancy.
- (f) In the event that there would be one or more vacant positions in the Management Board assuming the election of all persons nominated pursuant to clause 9.1.3 (c)-(e), the appointed Management Board members may nominate persons for election to fill such vacancy, whether from internal and external sources, whom such members reasonably believe has competent or relevant experience and/or expertise and can be expected to appropriately and adequately contribute to the Management Board's discharge of its functions and duties.

- (g) Once each Charter Member has exercised its right to appoint a Director to the Management Board (or waived its right to do so), the General Assembly, in its Ordinary Meeting, shall elect the remaining Directors from among the persons nominated pursuant to clause 9.1.3(c)-(f).
- (h) Any person nominated for election as a Director may, but shall not be required to, be nominated together with a person who will serve as the substitute for that Director. An elected Director's substitute may attend meetings of the Management Board when the Director cannot attend, and in such circumstances the substitute will have the same rights and obligations as the appointed Director.
- (i) If an elected Director, as per clause 9.1.3 (c)-(g), resigns from the Management Board or otherwise ceases to be a Director before the end of her term, the substitute of the Director (if any), shall replace her as Director and if there is no such substitute, such vacancy shall be filled by a person appointed by the Management Board.
- (j) If a Director appointed by a Charter Member, as per clause 9.1.3(a), resigns from the Management Board or otherwise ceases to be a Director before the end of her term, the substitute of the Director (if any), shall replace her.
- (k) If there is no such substitute or if the Charter Member who appointed such Director prefers otherwise, such vacancy will be filled by a person appointed by such Charter Member.

9.1.4 From and after the meeting of the General Assembly in October 2012, the Association will have a Management Board of up to twelve Directors (but no less than three Directors), elected by the General Assembly and which will be intended to be comprised of a maximum of three Directors from each of the following four geographical areas:

- (a) Africa;
- (b) the Americas;
- (c) Europe; and
- (d) Asia and Oceania ((a), (b), (c) and (d) together being the "**Geographical Constituencies**").

9.1.5 The procedure for the election of Directors from and after 2012 will be as follows:

- (a) Each Member will be entitled to nominate one candidate on behalf of such Member's Geographical Constituency.
- (b) At the meeting of the General Assembly in which Directors are to be elected, each Member will be entitled to vote for up to twelve nominees, provided that in no event will a Member be entitled to cast more than one vote for any nominee.
- (c) The nominees elected to Director will be the three nominees for each Geographical Constituency who receive the highest number of votes among all the nominees from such Geographical Constituency.
- (d) In the event that there are less than three nominees for a Geographical Constituency, then the vacancy that would result there from will be filled by the nominee for any other Geographical Constituency who received the highest number of votes but was not elected as a Director pursuant to the foregoing.
- (e) In the event that any Director resigns from the Management Board or otherwise ceases to be a Director before the end of her term as a Director, the vacancy resulting there from will be filled by an appointment of a successor Director by the Management Board, with such successor Director being a person representing the same Geographical Constituency as the person who resigned or ceased to be a Director, except in the case of the resignation of a Director elected pursuant to clause 9.1.5 (d).
- (f) In the event of the resignation of a Director elected pursuant to clause 9.1.5 (d) the vacancy will be filled by an appointment of a successor Director by the Management Board, with such successor Director being a person representing the Geographical Constituency with the lowest representation of Directors. If there is no one such Geographical Constituency, then the Management Board shall appoint such person as it deems most appropriate for the appointment irrespective of their Geographical Constituency.

9.1.6 At all times, all Directors will be elected to terms of two years, subject to the exceptions set forth in this clause 9.1. At the first Management Board meeting, half of the elected Directors shall be randomly assigned to an initial term of one year such that at no one point in time before 31 December 2011, will more than half of the Directors be up for election in the same year. If an uneven number of elected Directors are elected for the first term, then one more shall be assigned to the Directors with an initial term of two years.

The term of all Directors will expire upon the election of members of the Management Board of the Ordinary Meeting of the General Assembly in October 2012. In the election of the members of the Management Board in October 2012, the Directors elected who were nominees of the Geographical Constituencies of Africa and the Americas will have an initial term of one year, such that in each year after 2012 Directors on behalf of only two of the four Geographical Constituencies, on an alternating basis, will be up for election. If a Director resigns or otherwise ceases to be a Director before the expiration of her term, the person replacing her (regardless of how appointed) will have a term as a Director continuous with, and expiring at the same time as, the Director who she replaced.

- 9.1.7 No Director (regardless of whether she was appointed or elected) shall serve as a Director for more than 6 consecutive years, or for more than 72 months in any period of 96 months.
- 9.1.8 It is intended that the persons serving as members of the Management Board will, ideally, be persons with relevant and appropriate clinical, managerial or terminological backgrounds.
- 9.1.9 Unless waived by the Management Board, a Director may not serve as the Nominated Representative of a Member while she is a Director.
- 9.1.10 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.
- 9.1.11 Subject to Clause 9.1.7, an elected Director may be re-elected as a Director, an appointed Director may be re-appointed as a Director, and an appointed Director may be elected as a Director following the end of her appointment.
- 9.1.12 A quorum of the Management Board will be achieved when half or more of all Directors participate in any Management Board meeting, whether in person, by proxy or in a manner permitted by clause 9.1.14.
- 9.1.13 Without limitation as to the ability of a Director to utilise the arrangements contemplated in 9.1.15 and without limitation as to the duties of Directors as set out in clause 9.1.1, if a Director cannot attend a Management Board meeting, the

Director may appoint a proxy (a person who will be present at the meeting and is authorized to cast any vote that the appointing Director could have cast had she been present at the meeting, and to do so in accordance with instructions issued by the appointing Director). 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 will ensure that Directors, at their choice, are able to participate in and attend meetings of the Management Board through the medium of conference telephone or similar form of communications equipment if all persons participating in the meeting are able to hear and speak to each other through out the meeting. Directors participating by these mechanisms will be considered present at the meeting, entitled to vote and will count towards the quorum. The meeting will take place and will be deemed to take place in the location where the notice convening meeting states it will take place.

9.1.15 Without limitation as to the duties of Directors as set out in clause 9.1.1 and without limitation to the ability of a Director to utilise the arrangements contemplated by clause 9.1.13, any Director (other than an alternate director) may, by written notice given to the Management Board, appoint any person to be her alternate director, and may in like manner at any time terminate such appointment. The appointment of an alternate director shall terminate on the happening of any event which if she were a Director would cause her to vacate such office or if her appointer ceases to be a Director. A Director may not appoint any person as an alternate director unless such Director reasonably believes that such person is reasonably competent to undertake such role.

9.1.16 An alternate director shall be entitled to receive notice of all meetings of boards and committees her appointer is a member of and shall be entitled to vote as a Director at any such meeting at which her appointer is not personally present and generally at such meetings to perform all the functions of her appointer as a Director in her absence and for the purposes of proceedings at such meeting the provisions of these Articles shall apply as if she were a Director.

9.1.17 The Management Board will, at the expense of the Association, obtain and keep current an appropriate level of liability insurance for each and every Director.

9.1.18 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 internationally accepted accounting standards and principles.

9.1.19 The Management Board may, subject to the other provisions of these Articles, make Regulations delegating to one or more Directors, Executive Officers 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 Executive Officers in fulfilling its duties.

9.1.20 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 Copenhagen;
- (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.

9.1.21 The Chair of the Management Board 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; and

- (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 clause 8.2.14 of these Articles.

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

9.1.23 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.

9.1.24 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.

9.1.25 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 clause 9.1.1.

9.2 The Executive Officers

9.2.1 The Management Board may appoint, without limitation as to their ability to appoint further or different Executive Officers, the following Executive Officers:

- (a) a Chief Executive Officer;
- (b) a Chief Financial Officer;
- (c) a Chief Terminologist;
- (d) a Chief Technical Architect;
- (e) a Chief Quality Assurance Officer; and

(f) a Chief Research and Innovation Officer.

A person can hold more than one of these positions at any one time, except that a single person may not hold the positions of Chief Executive Officer and Chief Financial Officer simultaneously. Although not generally intended, Directors may be appointed to hold one or more of these positions on a temporary basis.

The Association can enter into agreements obliging the other party to provide one of its employees to hold a position as Executive Officer in the Association on behalf of the other party. Such agreements can not be entered into regarding the position as Chief Executive Officer.

9.2.2 The Executive Officers are 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 Principles, Objects and Purpose of the Association.

9.2.3 The Executive Officers 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 Executive Officer has or may have a conflict of interest of the kind referred to in clause 9.2.4 will be deemed to be an item of "exceptional significance", and any item will be deemed of "exceptional significance" as soon as any one Executive Officer reasonably considers it to be such and requests that the other Executive Officers treat it as such. If an item of exceptional significant requires urgent resolution, and the Management Board direction cannot be obtained in a reasonable time, the Executive Officers may act without such direction, provided they document their decision and notify the Management Board on a timely basis of the action taken.

9.2.4 Each Executive Officer will be obligated to fully and fairly disclose to the Chair of the Management Board any real or potential conflict of interest such Executive Officer 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.

9.2.5 Regulations made in accordance with clause 9.1.19 of these Articles, and/or resolutions adopted by the Management Board, may delegate to one or more

Executive Officers 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 Executive Officers acting within and in accordance with their delegated authority.

9.3 Harmonisation 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 harmonisation between SNOMED CT and standards produced by International Standards Development Organisations other than the Association ("**ISDOs**").

9.3.2 It is intended that the matters described in clause 9.3.1 will be pursued with individual ISDOs sequentially and through the creation with each such ISDO of a working body (a "**Harmonisation Body**") comprised of representatives of the Association and representatives of the ISDO. Subject to the approval of the General Assembly the Management Board will select each ISDO with whom the Association will seek to form a Harmonisation Body, and there is neither a requirement nor an expectation that the formation of a Harmonisation Body will be pursued simultaneously with multiple ISDOs.

9.3.3 For each Harmonisation Body, the Association will seek to enter into an agreement, charter or other instrument with the ISDO setting out the agreed agenda and objectives of the Harmonisation Body and the responsibilities, obligations, rights and benefits each, of the Association and the ISDO, has to the other in relation to the Harmonisation Body.

9.3.4 From the perspective of the Association, the functions of a Harmonisation Body will be, as applicable and without limitation, to:

- (a) ensure any work has:
 - i. a robust and detailed requirement including a development plan which describes the deliverables and the timing of their production;
 - ii. a detailed specification of the product(s);

- iii. clear implementation guidance in all the necessary domains, which may include the clinical, managerial/organisational and technical communities;
 - iv. any conformance criteria to assess whether the standard has indeed been implemented appropriately;
- (b) develop any rules, undertakings or arrangements regarding whether and how SNOMED CT and the standard produced by an ISDO may refer to each other and/or may define or be subject to mutually exclusive scopes;
- (c) represent both organisations;
- (d) provide overall management and governance of joint work;
- (e) clarify and describe the Intellectual Property implications of the joint work; and
- (f) secure funding for the joint work, including its initiation, creation and maintenance.

9.3.5 Each Harmonisation Body will include such representatives on behalf of the Association as the Management Board may select, and who may be removed or replaced by the Management Board in its discretion. Each Harmonisation Body will include such representatives of the ISDO as such ISDO may determine.

9.3.6 The representatives of the Association on each Harmonisation Body will take such steps as are available to them to ensure that:

- (a) the business plan for the Harmonisation Body is considered and approved by the Management Board and is part of the Association's strategic, business and operational plans submitted annually to the General Assembly for its approval;
- (b) the Harmonisation Body provides an annual report which will form part of the Association's Annual Report;
- (c) minutes and publicity associated with the Harmonisation Body and its activities are published by the Association and communicated to all Members;
- (d) all work of the Harmonisation Body is appropriately and adequately funded;

- (e) any significant risks arising in respect of the joint work of the Association and the ISDO through the Harmonisation Body are resolved or mitigated by the Harmonisation Body internally.

9.4 Committees – General Provisions

9.4.1 Not limiting the powers of the Management Board, the Association shall have committees.

9.4.2 There are two categories of Committee:

- (a) Standing Committees; and
- (b) Ad hoc committees.

9.4.3 The Standing Committees are established under these Articles, and are as follows:

- (a) the Content Committee, as defined in clause 9.5;
- (b) the Technical Committee, as defined in clause 9.6;
- (c) the Research and Innovation Committee, as defined in clause 9.7; and
- (d) the Quality Assurance Committee, as defined in clause 9.8.

9.4.4 Ad hoc Committees may be established by the Management Board from time to time in accordance with clause 9.9.

9.4.5 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.

9.4.6 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.

9.4.7 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.

- 9.4.8 If approved by the Management Board each Standing Committee can create Working Groups that shall, subject to any terms of reference set by the Committee, address business specific to the function of that Committee. More than one Standing Committee may jointly create a Working Group, in which case the Working Group's terms of reference will be jointly determined by those Committees.
- 9.4.9 Membership of Working Groups shall be open to interested parties who can demonstrably contribute to the work of those bodies. Responsibility for some activities and deliverables may be assigned to specific individuals by the relevant Standing Committee.
- 9.4.10 Business transacted by a Committee, which is specific to the function of that Committee as per clause 9.4.5, 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.
- 9.4.11 Each Committee will ensure that its members, at their choice, are able to participate in and attend Committee meetings through the medium of conference telephone or a similar form of communications equipment, provided that all persons participating in the meeting can adequately do so. Committee members participating by these means will be considered present and entitled vote and will count towards the quorum.
- 9.4.12 A quorum for each Committee will be reached with more than 50% of such Committee's members are present, whether in person or as permitted by clause 9.4.11.
- 9.4.13 Each Committee will meet at least three times per year, at least one of which will be held in Copenhagen
- 9.4.14 The Management Board is responsible for setting the timetable for all Committee meetings.
- 9.4.15 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.

9.5 The Content Committee

9.5.1 There will be a Content Committee, whose members have to meet the Association standard for an acceptable level of terminology modelling experience and expertise.

9.5.2 The Content Committee will be responsible for and shall advise the Management Board on priorities and issues pertaining to the definition and maintenance of the clinical content and structure of SNOMED CT and its related standards and the Association's other Terminology Products.

9.5.3 The Content Committee will comprise the following members selected as follows:

- (a) the Management Board shall appoint one Director to be member of the Content Committee as its Chair, and if reasonably possible such Director will possess an appropriate and relevant background to the functions of the Content Committee;
- (b) the Chief Terminologist and Chief Technical Architect;
- (c) a representative of Affiliates in accordance with clause 9.11;
- (d) at least one and no more than three members for and on behalf of, but not necessarily resident in, each of the Geographical Constituencies. These members will be nominated and elected in the same manner that Directors are elected to the Management Board pursuant to clause 9.1.5, subject to the exception that Members shall be free to nominate up to three candidates and vacant seats will be filled from these candidates according to the votes each received.

9.5.4 The members of the Content Committee for Geographical Constituencies will be elected by the General Assembly for terms of two years, provided that at the first election of members of the Content Committee the members representing the Europe and the Americas Geographical Constituencies shall only be elected for a term of one year. Any elected member may be re-elected for subsequent terms,

provided that no person shall serve as an elected member for more than three consecutive terms.

9.5.5 The Content Committee will research and advise the Management Board on the Clinical Editing syllabus. The Content Committee will develop and present to the Management Board, mechanisms designed to increase uptake of these competencies including describing acceptable criteria to accredit providers and certify teachers.

9.6 The Technical Committee

9.6.1 There will be a Technical Committee, whose members have to meet the Association standard for an acceptable level of expertise and experience in the technical arena.

9.6.2 The Technical Committee will be responsible for and will advise the Management Board on the specification and monitoring of the technical framework and tools for the development and maintenance of SNOMED CT and its related standards and the Association's other Terminology Products and framework for doing business.

9.6.3 The Technical Committee will comprise the following members selected as follows:

- (a) the Management Board shall appoint one Director to be member of the Technical Committee as its Chair, and if reasonably possible such Director will possess an appropriate and relevant background to the functions of the Technical Committee;
- (b) the Chief Terminologist and Chief Technical Architect;
- (c) a representative of Affiliates in accordance with clause 9.11;
- (d) at least one and no more than three members for and on behalf of, but not necessarily resident in, each of the Geographical Constituencies. These members will be nominated and elected in the same manner that Directors are elected to the Management Board pursuant to clause 9.1.5, subject to the exception that Members shall be free to nominate

up to three candidates and vacant seats will be filled from these candidates according to the votes each received.

9.6.4 The members of the Technical Committee for Geographical Constituencies will be elected by the General Assembly for terms of two years, provided that at the first election of members of the Technical Committee, the members representing the Europe and Africa Constituencies shall only be elected for a term of one year. Any elected member may be re-elected for subsequent terms, provided that no person shall serve as an elected member for more than three consecutive terms.

9.7 The Research and Innovation Committee

9.7.1 There will be a Research and Innovation Committee, whose members have to meet the Association standard for an acceptable level of research background.

9.7.2 The Research and Innovation Committee will be responsible for and will advise the Management Board on the primary or secondary investigation of terminology challenges that will be required in the 3-5 year time frame and for testing new and unproven ideas in terminology development for their potential implementation.

9.7.3 The Research and Innovation Committee will comprise the following members selected as follows:

- (a) the Management Board shall appoint one Director to be member of the Research and Innovation Committee as its Chair, and if reasonably possible such Director will possess an appropriate and relevant background to the functions of the Research and Innovation Committee;
- (b) the Research and Innovation Officer;
- (c) a representative of Affiliates in accordance with clause 9.11;
- (d) at least one and no more than three members for and on behalf of, but not necessarily resident in, each of the Geographical Constituencies. These members will be nominated and elected in the same manner that Directors are elected to the Management Board pursuant to clause 9.1.5, subject to the

exception that Members shall be free to nominate up to three candidates and vacant seats will be filled from these candidates according to the votes each received.

9.7.4 The members of the Research and Innovation Committee for Geographical Constituencies will be elected by the General Assembly for a term of two years, provided that at the first election of members of the Research and Innovation Committee the members representing the Americas and Asia/Oceania Geographical Constituencies shall only be elected for a term of one year. Any elected member may be re-elected for subsequent terms, provided that no person shall serve as an elected member for more than three consecutive terms.

9.7.5 The Research and Innovation Committee will produce a research strategy for terminologies with a 5-10 year time horizon. The Association will share the agreed strategy with its internal and external stakeholders and use this as a basis for working with researchers, research institutions and if necessary funding its own activities.

9.8 Quality Assurance Committee

9.8.1 There will be a Quality Assurance Committee, with members who meet the Association standard for an acceptable level of expertise and experience in the risk management area.

9.8.2 With a view towards managing and lowering the risks of the Association, the Quality Assurance Committee shall have responsibility for the development and quality assurance of SNOMED CT and its related standards and the Association's other Terminology Products in harmony with proper respect to external standards.

9.8.3 The Quality Assurance Committee will comprise the following members selected as follows:

- (a) the Management Board shall appoint one of its members to be member of the Quality Assurance Committee as its Chair, and if reasonably possible such Director will possess an appropriate and relevant background to the functions of the Quality Assurance Committee;

- (b) the Chief Quality Assurance Officer;
- (c) a representative of Affiliates in accordance with clause 9.11;
- (d) at least one and no more than three members for and on behalf of, but not necessarily resident in, each of the Geographical Constituencies. These members will be nominated and elected in the same manner that Directors are elected to the Management Board pursuant to clause 9.1.5, subject to the exception that Members shall be free to nominate up to three candidates and vacant seats will be filled from these candidates according to the votes each received.

9.8.4 The members of the Quality Assurance Committee for Geographical Constituencies will be elected by the General Assembly for a term of two years, provided that at the first election of members of the Quality Assurance Committee the members representing Africa and Asia/Oceania Geographical Constituencies shall only be elected for a term of one year. Any elected member may be re-elected for subsequent terms, provided that no person shall serve as an elected member for more than three consecutive terms.

9.9 Ad hoc Committees

9.9.1 The Management Board may establish Ad hoc Committees to assist the Management Board or the Executive Officers for a specific purpose.

9.9.2 An Ad hoc Committee must be approved by the General Assembly in one of the first two meetings of the General Assembly to be held following its establishment. If not so approved, the Ad hoc Committee shall be immediately dissolved upon conclusion of the second such meeting.

9.9.3 Each Ad hoc Committee will have a Chair selected by the Management Board.

9.9.4 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 proportionate geographical representation and necessary professional

expertise, in accordance with the terms of reference set out by the Management Board.

9.10 Accounts

9.10.1 The financial year of the Association shall be the calendar year commencing from 1 January and ending on 31 December.

9.10.2 The accounts of the Association shall be maintained and prepared in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*).

9.10.3 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.

9.10.4 The Association shall produce annual accounts (*annual rapport*) in respect of the Association, in the form required by applicable law, within five months of the end of each financial year. The annual accounts shall be revised and audited by one Danish state-authorized public accountant from 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.

9.10.5 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.

9.10.6 Following approval by the Management Board, the internal quarterly accounts will be sent out to Members in accordance with clause 9.10.3. 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 clause 9.10.4.

9.10.7 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;

- (b) published on a web site, 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 web site (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 web site;
 - B. the address of that web site;
 - C. the place on that web site where the documents may be accessed; and
 - D. how such documents may be accessed.

9.11 Affiliates Forum

9.11.1 The Management Board will, within the Association's first year of operation, establish a mechanism or procedure, subject to the approval of the General Assembly, for the creation and maintenance of a body comprised of diverse and appropriate representatives of the Affiliates (the "**Affiliate Forum**"), which can act as an advisory body to the Association and the General Assembly and can serve as a means for the sharing of views and information between the Affiliates and the Association. Except for meetings of the General Assembly (or portions thereof) which are not open to the public, representatives of or from the Affiliates Forum will be entitled to attend, and speak at, meetings of the General Assembly.

9.11.2 If requested by the Affiliates Forum, the General Assembly will appoint a member of the Affiliates Forum, selected by the Affiliates Forum, to each of the Standing Committees.

9.12 Remuneration

9.12.1 The Association will pay market standard remuneration to employees and contractors of the Association hired competitively on the basis of competence.

9.12.2 The amount of remuneration paid to employees and contractors will be determined by the Management Board according to market rates and included in the annual budget.

9.12.3 The Association will pay travel and subsistence according to the Association's Travel and Subsistence Policy and Procedures, to be developed and adopted by the Management Board.

9.12.4 Nominated Persons will not be treated as employees of the Association and, except as otherwise provided in clause 9.12.5 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.

9.12.5 The amount of remuneration, if any, paid to Directors will be determined at the Ordinary Meeting of the General Assembly in October. The amount of remuneration paid to the Executive Officers and Committee members will be determined by the Management Board. Any Director or Committee member may waive all or any part of any the remuneration she would otherwise receive.

9.13 Powers to bind the Association

9.13.1 Without limitation as to the powers and authority of the Executive Officers contemplated by clause 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 of the Management Board.

9.14 Registration of changes

9.14.1 The Association shall according to the Danish Act on certain commercial undertakings ("*lov om visse erhvervsdrivende virksomheder*") give notice within the applicable time limits to the Danish Commerce and Companies Agency ("*Erhvervs- og Selskabsstyrelsen*") if there are changes regarding in following:

- (a) the Articles;

- (b) name and addresses of the members of the Management Board;
- (c) name and addresses of the executive directors;
- (d) powers to sign the Association, as per clause 9.13;
- (e) name, address and home municipality of the Association;
- (f) financial year of the Association;
- (g) name of the Association's External Financial Auditor.

9.14.2 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 The Association may only be dissolved if the Members pass a resolution to dissolve the Association in two consecutive meetings of the General Assembly. 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 Meeting in accordance with clause 8.2.4. Each such resolution may only be passed by a Super Majority.
- 10.2 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 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 or in substantial compliance with the Purpose, Objects and Principles of the Association.
- 10.3 According to the Danish Act on certain commercial undertakings ("*lov om visse erhvervsdrivende virksomheder*") chapter 14 of the Danish Public Companies Act applies to winding-ups of Associations with the necessary differences with regard to the special characteristics of Associations.

- 10.4 According to the Danish Act on certain commercial undertakings ("*lov om visse erhvervsdrivende virksomheder*") an Association can be dissolved without winding-up, by transferring the assets and liabilities of the Association to another undertaking governed by the Act or by merging the Association with a new undertaking. The provisions of chapter 15 of the Danish Public Companies Act applies with the necessary differences.
- 10.5 According to the Danish Act on certain commercial undertakings ("*lov om visse erhvervsdrivende virksomheder*") the Members can decide to demerge the Association with the majority necessary for amending the Articles. The provisions of chapter 15 of the Danish Public Companies Act applies with the necessary differences.
- 10.6 A decision regarding merger, as per clause 10.4, or a decision regarding demerger, as per clause 10.5, must be made with the majority prescribed in clause 9.1.

11. REGULATIONS

- 11.1 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.
- 11.2 From and after notification thereof as contemplated by 11.3, 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.
- 11.3 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.

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

11.5 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 Except as otherwise provided in this clause 12, these Articles may only be amended by a resolution of the General Assembly that is passed by a Super Majority.

12.2 The Management Board may, by making Regulations, amend Exhibit 1 to the Intellectual Property Terms (but not any other provision of the Intellectual Property Terms). Any Regulations made under this clause 12.2 shall become effective 90 days after the date on which they are made if not previously overturned by a resolution of the General Assembly.

12.3 Any amendment to paragraph 6.2 of Schedule 3, as well as any amendment to this clause 12.3, 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 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.

- 13.2 A notice sent by post shall be deemed to have been given fourteen days from the time at when it was posted.
- 13.3 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.
- 13.4 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 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 part 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 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 Rules of Procedure of the Danish Institute of Arbitration (Danish Arbitration).
- 15.2 The Arbitration Tribunal shall be composed of three (3) arbitrators.
- 15.3 Each party appoints an arbitrator and the Institute appoints the Chairman of the Arbitration Tribunal. If a party has not appointed an arbitrator within 30 days of having respectively requested or received notice of the arbitration, such an arbitrator is appointed by the Institute for such a party.
- 15.4 The place of arbitration shall be in Copenhagen.

16. OFFICIAL BUSINESS LANGUAGE

- 16.1 The official Business Language of the Association will be English (U.S. dialect). 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.
- 16.2 The General Assembly and Committee meetings should be performed in English.
- 16.3 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:

'**Ad hoc Committee**' has the meaning set out in clause 9.9 of these Articles;

'**Affiliate(s)**' has the meaning set out in clause 6.1.1 of these Articles;

'**Aggregate Annual Fee**' has the meaning set out in clause 7.1.1(c) of these Articles;

'**Aggregate Special Fee**' has the meaning set out at clause 7.5.1 of these Articles;

'**Annual Fee**' has the meaning as set out at clause 7.1 of these Articles;

'**Annual Report**' means the Association's balance sheet prepared in accordance with clause 9.10 and audited by the Association's External Financial Auditor;

'**Approved Direct Set-up Costs**' has the meaning set out in clause 7.6.4 of these Articles;

'**Articles**' means these Articles of Association and incorporates the schedules and appendices;

'**Association**' has the meaning given to it in clause 1.1 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;

'**Charter Members**' have the meaning as set out at clause 4.2 of these Articles;

'**Committee**' means an Ad hoc Committee or a Standing Committee;

'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;

'Contravention' has the meaning given in clause 5.5.1(a) of these Articles;

'Direct Set-Up Costs' has the meaning set out in clause 7.6.4 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;

'Executive' and **'Executive Officer'** 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;

'External Financial Auditor' means the Danish state-authorized public accountant from an international accounting firm referred to in clause 9.10.4;

'Fee' means the Annual Fee and the Joining Fee, or either of them;

'Fee Offset' has the meaning set out in clause 7.6.1 of these Articles;

'Fee Offset Balance' has the meaning set out in clause 7.6.2 of these Articles;

'General Assembly' has the meaning as set out in clause 8 of these Articles;

'Geographical Constituency' has the meaning set out in clause 9.1.4 of these Articles;

'Harmonisation Body' has the meaning set out in clause 9.3 of these Articles;

'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, trade marks (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 among Members, as per clause 8.1.3, 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.

'ISDO' means International Standards Development Organisation as set out in clause 9.3.1 of these Articles;

'Joining Fee' has the meaning as set out in clause 7.2 of these Articles;

'Management Board' has the meaning given in clause 9.1 of these Articles;

'Member' has the meaning as set out in clause 4.1.1 of these Articles;

'NLM' means National Library of Medicine;

'Nominated Person' has the meaning set out in clause 5.4.1 (l) of these Articles;

'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 clause 2.2 of these Articles;

'Ordinary Meeting' means the annual meeting of the General Assembly in either October or April of every year;

'Ordinary Members' have the meaning as set out at clause 4.3 of these Articles;

'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 clause 2.1 of these Articles;

'Principles' has the meaning set out in clause 2.3 of these Articles;

'Regulations' means Regulations of the Association made by the Management Board under clause 11;

'Set-up Payment' has the meaning set out in clause 7.4.1 of these Articles;

'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 clause 7.5.1 of these Articles;

'Special Fee Proposal' has the meaning set out in clause 7.5.2 of these Articles;

'Sponsored Territory' has the meaning set out in clause 6 of these Articles;

'Sponsored Territory Fee' has the meaning set out in clause 6.2.3 (c) of these Articles;

'Standing Committee' means any of the Standing Committees provided for in clauses 9.4, 9.5, 9.6, 9.7 and 9.8;

'Super Majority' means, in respect of any resolution tabled in a meeting of the 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 clause 2.1.1(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;

'Territory' means, subject to clause 4.1.3, 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 clause 4.1.4. 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 clause 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).

'Working Groups' has the meaning given under clause 9.4.8 of these Articles.

17.2 Interpretation

17.2.1 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, clause, paragraph, schedule or appendix is a reference to an article, clause 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 Copenhagen; 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.



Adopted at the Statutory General Assembly of the Association on 9 March 2007.

Amended at the Extraordinary General Assembly on 30 June 2007, at the Extraordinary General Assembly on 28 August 2007, at the Ordinary General Assembly on 25 October 2007 and at the Ordinary General Assembly on 20 April 2008.

Betsy Humphreys

Chair at the Ordinary General Assembly on 20 April 2008.

18. 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 authorised 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 below will be published on the Association website.

19. 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

Appendix 1 sets out the current World Bank GNI Atlas values for each nation. Appendix 1 will be revised every third 30 September, commencing 30 September 2010, 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 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 clause 7.6.1, the acceptance of requests for Fee Offsets in respect of a specific Fee shall be allocated in such a manner so as to equalise, 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. Initial Annual Fees of Charter Members

The Annual Fee of each Charter Member in 2007 shall be payable on 27 April 2007, or on such later date as the Management Board may specify provided that such initial Annual Fee shall in no event be due and payable prior to the execution of a definitive agreement between the Association and College of American Pathologists to transfer the SNOMED CT IP and associated Intellectual Property Rights from the College of American Pathologists to the Association. The amount of such initial Annual Fee of each Charter Member (before application of any Fee Offsets, if any) is as set forth below:

Table 1: 2007 Annual Fee Payments

Charter Member	2007 Annual Fee
Australia	193,924
Canada	324,523
Denmark	78,628
Lithuania	7,069
The Netherlands	184,598
New Zealand	29,550
Sweden	115,171
United Kingdom	722,555
United States*	4,354,167
Total	6,010,185

*In recognition of the fees already paid by the NLM to the College of American Pathologists for the period ending 30 June 2007 under the licence agreement transferred from the College of American Pathologists to the Association, seven nineteenths (7/19) of the value of the fee set out in Table 1, shall be considered to have already been paid in cash by NLM to the Association. Unless otherwise provided in an applicable Member Contract, the balance of the United States fee (12/19) shall be payable on 1 July 2007.

4. Set-up Payment

On establishment of the Association the Charter Members will make payments to the Association as described in Table 2 to enable the Association to purchase the SNOMED CT IP from the College of American Pathologists ("**Set-up Payments**").

Table 2: Charter 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
United States	0
Total	8,249,269

5. Direct Set-Up Costs

Table 3: Direct Set-up costs

Charter Member	Description of cost items	Agreed Estimate (US Dollars)
U.K.	Swiss legal costs incurred to investigate formation of Swiss Foundation, including the cost of developing draft Deed of Foundation; U.K. legal costs incurred to draft and comment upon the Articles and other documentation; finance review of Support Services Agreement; and PCM-CAP meeting room costs in Los Angeles.	561,635.17
Denmark	Danish legal costs incurred to draft and comment on Articles and other documentation, and to provide tax advice; and any and all legal registration fees, bank fees or similar fees/expenses (including miscellaneous out of pocket expenses) incurred to form and establish the Association as a legal entity.	150,000.00

Appendix 1

World Bank GNI Atlas values

As published at <http://www.worldbank.org> in September 2005.

Country	World Bank GNI Atlas value (\$US)
Albania	6,641,208,000
Algeria	73,675,930,000
Angola	14,440,830,000
Antigua and Barbuda	800,392,000
Argentina	142,337,900,000
Armenia	3,423,703,000
Australia	541,173,500,000
Austria	262,147,400,000
Azerbaijan	7,828,371,000
Bangladesh	61,229,650,000
Belarus	20,856,440,000
Belgium	322,837,000,000
Belize	1,114,831,000
Benin	3,666,842,000
Bhutan	677,244,200
Bolivia	8,656,203,000
Bosnia and Herzegovina	7,841,470,000
Botswana	7,489,853,000
Brazil	552,096,300,000
Bulgaria	21,326,420,000
Burkina Faso	4,435,568,000
Burundi	669,446,100
Cambodia	4,429,573,000
Cameroon	13,138,250,000
Canada	905,628,500,000
Cape Verde	851,677,100
Central African Republic	1,225,836,000
Chad	2,276,813,000
Chile	78,407,490,000
China	1,676,846,000,000
Colombia	90,625,850,000

Country	World Bank GNI Atlas value (\$US)
Comoros	327,567,300
Congo, Dem. Rep.	6,416,269,000
Congo, Rep.	2,973,813,000
Costa Rica	18,968,740,000
Cote d'Ivoire	13,263,430,000
Croatia	29,699,650,000
Cyprus	13,633,390,000
Czech Republic	93,154,710,000
Denmark	219,422,200,000
Djibouti	739,066,700
Dominica	261,183,800
Dominican Republic	18,442,810,000
Ecuador	28,782,720,000
Egypt, Arab Rep.	90,128,690,000
El Salvador	15,613,370,000
Eritrea	806,049,500
Estonia	9,434,671,000
Ethiopia	7,747,229,000
Fiji	2,280,977,000
Finland	171,023,500,000
France	1,858,731,000,000
Gabon	5,415,070,000
Gambia, The	413,693,200
Georgia	4,683,333,000
Germany	2,488,974,000,000
Ghana	8,090,398,000
Greece	183,916,900,000
Grenada	397,261,200
Guatemala	26,945,200,000
Guinea	3,681,113,000
Guinea-Bissau	250,229,000
Guyana	765,392,800
Haiti	3,380,033,000
Honduras	7,320,814,000
Hong Kong, China	183,516,000,000

Country	World Bank GNI Atlas value (\$US)
Hungary	83,314,620,000
Iceland	11,199,210,000
India	674,580,300,000
Indonesia	248,006,600,000
Iran, Islamic Rep.	153,983,800,000
Ireland	137,761,300,000
Israel	118,123,500,000
Italy	1,503,562,000,000
Jamaica	7,737,844,000
Japan	4,749,910,000,000
Jordan	11,628,520,000
Kazakhstan	33,779,570,000
Kenya	14,987,320,000
Kiribati	95,048,130
Korea, Rep.	673,035,900,000
Kyrgyz Republic	2,050,307,000
Lao PDR	2,239,224,000
Latvia	12,569,510,000
Lebanon	22,668,260,000
Lesotho	1,335,951,000
Liberia	390,846,600
Libya	25,256,770,000
Lithuania	19,726,720,000
Luxembourg	25,301,790,000
Macedonia, FYR	4,854,931,000
Madagascar	5,181,221,000
Malawi	1,922,145,000
Malaysia	117,132,200,000
Maldives	752,442,500
Mali	4,334,956,000
Malta	4,913,202,000
Marshall Islands	142,084,000
Mauritania	1,210,344,000
Mauritius	5,730,178,000
Mexico	703,080,100,000

Country	World Bank GNI Atlas value (\$US)
Micronesia, Fed. Sts.	251,907,100
Moldova	2,563,420,000
Mongolia	1,484,228,000
Morocco	46,517,850,000
Mozambique	4,709,901,000
Namibia	4,813,463,000
Nepal	6,538,012,000
Netherlands	515,147,600,000
New Zealand	82,464,930,000
Nicaragua	4,452,097,000
Niger	2,836,014,000
Nigeria	53,982,560,000
Norway	238,398,000,000
Pakistan	90,662,790,000
Palau	137,309,700
Panama	13,467,940,000
Papua New Guinea	3,262,392,000
Paraguay	6,752,418,000
Peru	65,042,940,000
Philippines	96,929,830,000
Poland	232,397,700,000
Portugal	149,789,700,000
Romania	63,909,860,000
Russian Federation	487,334,700,000
Rwanda	1,875,023,000
Samoa	333,216,900
Sao Tome and Principe	60,076,090
Saudi Arabia	242,179,800,000
Senegal	6,967,273,000
Serbia and Montenegro	21,714,750,000
Seychelles	684,831,400
Sierra Leone	1,112,714,000
Singapore	104,993,600,000
Slovak Republic	34,906,950,000
Slovenia	29,554,530,000

Country	World Bank GNI Atlas value (\$US)
Solomon Islands	260,317,300
South Africa	165,326,300,000
Spain	875,817,500,000
Sri Lanka	19,618,080,000
St. Kitts and Nevis	357,004,100
St. Lucia	705,540,000
St. Vincent and the Grenadines	395,776,000
Sudan	18,151,570,000
Suriname	996,704,600
Swaziland	1,859,002,000
Sweden	321,401,200,000
Switzerland	356,051,900,000
Syrian Arab Republic	21,124,930,000
Taiwan	331,067,129,856
Tajikistan	1,779,256,000
Tanzania	11,560,490,000
Thailand	158,703,400,000
Timor-Leste	506,063,100
Togo	1,868,426,000
Tonga	186,242,100
Trinidad and Tobago	11,359,840,000
Tunisia	26,301,270,000
Turkey	268,741,100,000
Turkmenistan	6,615,419,000
Uganda	6,911,251,000
Ukraine	60,296,500,000
United Kingdom	2,016,393,000,000
United States	12,150,930,000,000
Uruguay	13,414,320,000
Uzbekistan	11,859,850,000
Vanuatu	287,493,600
Venezuela, RB	104,957,600,000
Vietnam	45,081,910,000
Yemen, Rep.	11,217,680,000
Zambia	4,747,551,000

20. SCHEDULE 3 - SNOMED CT INTELLECTUAL PROPERTY

Part A

Rights and Obligations of the Association

1. RIGHT TO GRANT LICENCES

The Association may grant licences 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 licences 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 licences to other Members (each such Member being a "**Licensee Member**", and the Member granting the licence 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 licence 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 licence agreement with the Association on the Affiliate Licence 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 licence 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 clause 4.4 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 clause 4.4 of these Articles, and a new Member is subsequently admitted in the former Member's Territory in accordance with clause 4.3 of these Articles, the former Member's rights that are continued under paragraph 6.2 shall automatically terminate.

7. LICENCES GRANTED BY MEMBERS

7.1 Each licence granted by a Member under paragraph 5.1.6 must:

7.1.1 not conflict with any provision of the Affiliate Licence 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 licence 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 clause 4.4 of these Articles, the outgoing Member's rights and obligations under the licence shall automatically transfer to the replacement Member;

7.1.6 survive the Member ceasing to be a Member in accordance with clauses 4.5.3 or 4.5.5 of these Articles, and not be terminable by the Member except in the same circumstances as the Association may terminate a licence with an Affiliate under the Affiliate Licence 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 licence 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 licence, in which case that licence shall not be void by virtue of this paragraph 7.2.

7.3 A licence 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 licence as described in sub-paragraphs (ii) or (iii) of this paragraph 7.3, and the Association shall publish the details of that licence to other Members.

7.4 Any licence fees and other amounts charged by a Member under licences granted under clause 5.1.6 or clause 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 licence fees or other amounts in excess of the level specified in paragraph 7.4 (which may include, without limitation: (i) the Member reducing its licence fees or other amounts for future periods; (ii) the Member reimbursing some or all of the excess licence 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 licence fees or other amounts).

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 clause 4.4 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 clauses 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 A Member shall, if requested by the Association, grant a licence to an Affiliate as contemplated in clause 3.7.2 of Exhibit 1 to this Schedule 3.

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 TRADE MARKS

10.1 No Member shall:

- 10.1.1 use any trade mark or service mark (or any registrations thereof), other than the Association's trademarks, in any name that includes the word "SNOMED", or that is confusingly similar to SNOMED, SNOMED CT or any other similar trademark;
- 10.1.2 apply for any trade mark or service mark (or any registrations thereof) in any name that includes the word "SNOMED", or that is confusingly similar to SNOMED, SNOMED CT or any other similar trade mark;
- 10.1.3 abbreviate the marks SNOMED or SNOMED CT; or
- 10.1.4 do anything with respect to the foregoing trade marks that damages or could reasonably be deemed to reflect adversely on the Association or such trade marks.

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 licence 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" trademarks and all use by a Member of the "SNOMED" and "SNOMED CT" trademarks, and all goodwill resulting from that use, shall inure to the Association's benefit. Each Member shall ensure that its use of those trade marks (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 trade marks.

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 Licence Terms" means the terms set out in Exhibit 1 to this Schedule 3 (including the Appendices to that Exhibit), as may be amended 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 an/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).

Exhibit 1

Affiliate Licence Terms

SNOMED CT® AFFILIATE LICENCE AGREEMENT

IMPORTANT NOTICE – PLEASE READ THE FOLLOWING CAREFULLY

This is a Licence Agreement between (1) **The International Health Terminology Standards Development Organisation** (forening med begrænset ansvar), an association (foreningen) established under the laws of Denmark, whose principal place of business is at [], Copenhagen, Denmark (the “**Licensor**”) and (2) the person or organisation to which the International Release of SNOMED CT (whether on its own or as part of a Member’s National Release of SNOMED CT) is distributed or otherwise made available (the “**Licensee**”).

By downloading, accessing or using any part of the International Release of SNOMED CT or a Member’s National Release of SNOMED CT, or exercising any rights granted under this Licence Agreement, the Licensee agrees to be bound by the terms of this Licence Agreement.

1. DEFINED TERMS

In this Licence Agreement, terms defined in Appendix A (**Defined Terms**) have the meanings set out in that Appendix.

2. GRANT OF LICENCE

2.1 The Licensor grants the Licensee, subject to the terms of this Licence Agreement, a perpetual (subject to revocation in accordance with **clause 5**), worldwide, non-exclusive, non-transferable licence for the term of this Licence Agreement to:

2.1.1 use, and permit the Licensee’s officers, employees, agents and contractors to use, the International Release;

2.1.2 create Extensions and Derivatives from the International Release and use and modify those Extensions and Derivatives;

2.1.3 incorporate the International Release into Licensee Products, use and modify the International Release in those Licensee Products only, and distribute Licensee Products under a sub-licence in accordance with **clause 2.1.5**;

- 2.1.4 modify the manner of formatting of the copy of the SNOMED CT Core distributed to the Licensee as part of the International Release or as part of a Member's National Release; and
 - 2.1.5 subject to **clause 5.8**, grant sub-licenses of the International Release to End Users to the extent necessary for the End Users to use the Licensee Products.
- 2.2 The Licensee may only use the International Release, and must ensure that its officers, employees, agents and contractors only use the International Release:
- 2.2.1 for the Licensee's internal business purposes (including the creation by the Licensee of Extensions, Derivatives and other Licensee Products along with the licensing and distribution by the Licensee of the Licensee Products);
 - 2.2.2 in the development and operation of the Licensee's information systems;
 - 2.2.3 for the Licensee's research purposes; and/or
 - 2.2.4 in the Licensee'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 data encoded using the foregoing, provided that users of those systems are not able to extract any substantial portion of SNOMED CT and provided further that no fee is charged for access to those systems except where access is incidental to the provision of training or consulting services.
- 2.3 The Licensee is only permitted under this Licence Agreement to create Extensions from the International Release and to create Derivatives from the International Release and from those Extensions. The Licensee may only create an Extension or a Derivative from any Member's Extension pursuant to a licence agreement with that Member in respect of the Member's National Release.
- 2.4 The Licensee is not permitted to translate any part of the International Release into any other human language without the prior written consent of the Licensor.
- 2.5 Each sub-licence granted by the Licensee under clause **2.1.5** must:
- 2.5.1 not grant the End User any greater rights in respect of the International Release than the Licensee itself has under this Licence Agreement;
 - 2.5.2 not permit the End User to do any act or thing in respect of the International Release that the Licensee is prohibited from doing under this Licence Agreement;
 - 2.5.3 not permit the End User to sub-license or transfer any of its rights under the sub-licence (unless the End User is also an Affiliate, in which case that Affiliate shall be entitled to sub-license further its rights under the sub-licence

with the Licensee, subject to the same restrictions as apply to sub-licensing the International Release under the Affiliate's licence agreement with the Licensor);

2.5.4 terminate automatically upon termination of this Licence Agreement;

2.5.5 provide that the End User may apply directly to the Licensor upon receiving notice that the sub-licence will terminate in accordance with **clause 2.5.4**, and that the Licensor may in such circumstances (but shall not be obliged to):

(a) grant the End User a licence in respect of the International Release for a limited period in order to enable the End User to continue to use the Licensee Products that are subject to the sub-licence during that period; or

(b) give the End User an assurance or undertaking that for a limited period the Licensor will not seek to prevent the End User from using the Licensee Products; and

2.5.6 permit the Licensee to disclose the terms of the sub-licence to the Licensor in accordance with **clause 8**.

2.6 If the Licensee becomes aware of any material error or change or correction needed in the International Release, the Licensee agrees to advise the Licensor promptly of such error, change or correction by following the Licensor's procedures for change notification that the Licensor prescribes by Regulations and notifies to the Licensee from time to time.

2.7 The Licensee shall comply with the Internet security measures that the Licensor prescribes by Regulations and notifies to the Licensee from time to time.

3. EXTENSIONS AND DERIVATIVES

3.1 The Licensee may not create any Standards-Based Extension or any Standards Based Derivative unless it has first been issued with a Namespace Identifier by or on behalf of the Licensor.

3.2 The Licensee may request that the Licensor issue it with a Namespace Identifier, and the Licensor shall not unreasonably refuse to do so taking into account amongst other things quality assurance, governance processes, Standards and Regulations.

3.3 The Licensee shall ensure that all Standards-Based Extensions and Standards Based Derivatives that the Licensee creates under this Licence Agreement are created in accordance with, and comply with, all applicable Standards (including, without limitation, as to the use of Namespace Identifiers).

3.4 Subject to **clauses 3.5** and **3.6**, the Licensee shall own all Intellectual Property Rights in all Extensions and Derivatives that the Licensee creates under this Licence

Agreement. The Licensee may not assign or otherwise transfer those Intellectual Property Rights to any other person unless (i) that person is an Affiliate and, in the case of Standards-Based Extensions or Standards-Based Derivatives, has a Namespace Identifier; and (ii) the transfer is notified in writing to the Licensor within thirty (30) days after the transfer.

- 3.5 The Licensee shall, if requested by the Licensor, transfer to the Licensor or a Member nominated by the Licensor all of its Intellectual Property Rights in such Standards-Based Extensions (or parts thereof) as the Licensor may specify.
- 3.6 The Licensee shall, if requested by the Licensor and agreed by the Licensee in the Licensee's sole discretion, transfer to the Licensor or a Member nominated by the Licensor all of its Intellectual Property Rights in such Standards-Based Derivatives as the Licensor may specify.
- 3.7 Upon the transfer to the Licensor, or to a Member, of the Intellectual Property Rights in any Standards-Based Extension (or part thereof) or Standards-Based Derivative in accordance with **clauses 3.5 or 3.6**:
 - 3.7.1 responsibility for the maintenance and distribution of that Extension (or part thereof) or Derivative shall also transfer from the Licensee to the Licensor or the Member (as the case may be); and
 - 3.7.2 the Licensor hereby grants a licence back to the Licensee from the Licensor or will procure from the Member a licence back to the Licensee (as the case may be) of that Extension (or part thereof) or Derivative, on the same terms as apply to the International Release under **clause 2** of this Licence Agreement, until that Extension (or part thereof) or Derivative becomes part of the International Release or the Member's National Release (as the case may be).

4. MODIFICATIONS TO THE INTERNATIONAL RELEASE

- 4.1 Subject to **clause 2.1.4**, the Licensee may not modify any part of the SNOMED CT Core distributed as part of the International Release or as part of a Member's National Release.
- 4.2 Subject to any express and specific statement to the contrary in the documentation distributed as part of the International Release, the Licensee may not modify any of the documentation (including Specifications) or software (unless provided in source code form) distributed as part of the International Release.
- 4.3 The Licensee may, by written notice, request the Licensor to modify the SNOMED CT Core. Upon receipt of such written notice, the Licensor shall consult with the Licensee and shall give due consideration as to whether the proposed modification should be made based on the Licensor's editorial guidelines and policies. Following due consideration of the matter, including consideration of any information presented

by the Licensee, the Licensor shall inform the Licensee whether the proposed modification shall be made and if the Licensor agrees that the proposed modification should be made, the Licensor shall give a non-binding indication of when, reasonably and in good faith, it anticipates that the proposed modification will be made. If the Licensee would like the content of the proposed modification to be developed more quickly than the Licensor has indicated, the Licensee may itself undertake or procure the undertaking of the development of the content of the proposed modification (outside of any existing Licensor's support services contract). On receipt of the developed content of the proposed modification, the Licensor will then give due consideration as to whether the developed content meets the Licensor's quality assurance, other governance processes, Standards and Regulations. If the developed content meets the Licensor's quality assurance, other governance processes, Standards and Regulations then the Licensor shall incorporate the modification into the SNOMED CT Core according to its schedule which will give due consideration as to when the proposed modification shall be incorporated into the SNOMED CT Core, taking into account other proposals for the modification of the SNOMED CT Core and the work required to include the proposed modification in the SNOMED CT Core.

5. TERM AND TERMINATION

- 5.1 This Licence Agreement shall commence on the date on which it comes into effect in accordance with the notice at the beginning of this Licence Agreement, and shall continue until terminated in accordance with this **clause 5**.
- 5.2 Either party may terminate this Licence Agreement if the other party commits a material breach of any of its obligations under this Licence Agreement in accordance with the following procedure:
 - 5.2.1 the party seeking to terminate the License Agreement (the "**Terminating Party**") shall serve an escalation notice (the "**Escalation Notice**") on the other party (the "**Defaulting Party**") requiring the Defaulting Party to nominate a member of its senior management team to meet with a member of the Terminating Party's senior management team to seek to resolve in good faith the matter giving rise to the service of the escalation notice;
 - 5.2.2 The representatives of the parties identified in accordance with clause 5.2.1 shall meet in good faith to seek to resolve the matter. If they are unable to resolve the matter within 45 days of the date of the Escalation Notice the Terminating Party may serve a formal breach notice (the "**Breach Notice**") on the Defaulting Party requiring it to remedy the breach within 90 days.
 - 5.2.3 If the Defaulting Party does not remedy the breach within 90 days of the date of the Breach Notice the Terminating Party may terminate the License Agreement by giving 180 days written notice to the Defaulting Party (the "**Termination Notice**").

- 5.3 The Licensor may not terminate this Licence Agreement except in accordance with **clause 5.2**.
- 5.4 The Licensee may terminate this Licence Agreement by giving up to twelve (12) months' prior written notice to the Licensor at any time between the Licensor giving notice of a variation under **clause 6.3** and that variation becoming effective in accordance with **clause 6.3**.
- 5.5 Upon termination of this Licence Agreement in accordance with this **clause 5**, all licences granted under this Licence Agreement shall automatically and immediately be revoked.
- 5.6 The Licensee shall, by no later than forty five (45) days after termination of this Licence Agreement for any reason, remove all copies of the International Release from its computer systems and destroy all copies of electronic, paper copy and other media containing or representing any part of the International Release. The Licensee shall, if requested by the Licensor, certify in writing to the Licensor that the Licensee has complied with its obligations under this **clause 5.6**.
- 5.7 The Licensee shall, as soon as reasonably practicable following either party giving a Termination Notice for any reason, and in any event by no later than ninety (90) days after such Termination Notice is given, give written notice of such termination to each End User that the Licensee reasonably believes to be a current user of a Licensee Product and to each Member in each Member Territory in which the Licensee has distributed or licensed any Licensee Product.
- 5.8 The Licensee may not grant any new sub-licence under **clause 2.1.5** after either party has given notice under **clauses 5.2** or **5.4**.
- 5.9 The Licensor shall be entitled to publicise the termination of this Licence Agreement to such persons (including Members, other Affiliates of the Licensor and End Users) and in such manner as it sees fit.
- 5.10 **Clauses 5.6, 5.7, 5.8, 5.9, 7, 8** and **10** to **14** inclusive shall survive termination of this Licence Agreement.

6. **NEW VERSIONS AND CHANGES TO LICENCE TERMS**

- 6.1 The Licensor shall notify the Licensee when each new version of the International Release is made available and there shall be a mechanism for Licensees to access or obtain copies of the new version of the International Release. The Licensee shall be liable for any reasonable distribution charge, if applicable, established by the Licensor for each copy of the new version of the International Release.
- 6.2 Within one-hundred and eighty (180) days after the Licensor has notified the Licensee of the release of a new version of the International Release, the Licensee must upgrade the version of the International Release in its own systems and in the

Licensee Products to that new version (or alternatively, if a subsequent version of the International Release is or has been released during the 180-day period, to that subsequent version at the Licensee's option).

- 6.3 The Licensor may vary the terms of this Licence Agreement by giving written notice to the Licensee. Any such variation shall take effect not less than ninety (90) days after the notice is given, as specified in the notice. If the Licensee does not wish this Licence Agreement to continue subject to the variation, the Licensee may terminate this Licence Agreement in accordance with **clause 5.4**, and if the Licensee does so then the variation shall not take effect.
- 6.4 The College of American Pathologists, as originator of Intellectual Property Rights in the International Release, shall as a licensee have a specific exception to the Licensor's rights in Clause 6.3 in specific circumstances and for a specific fixed term period to be agreed with the Licensor, and the terms of such special exemption shall be deemed part of such licensee's Affiliate Licence Terms. The Licensor will publish the terms of the special exemption with the Articles.

7. LICENCE FEES

- 7.1 The Licensee shall pay the Licence Fees to the Licensor in respect of the Licensee's activities in Non-Member Territories. The Licence Fees shall be payable six-monthly in arrear, and each annual fee set out in Appendix B shall be payable in two equal six-monthly instalments.
- 7.2 All Licence Fees and other amounts payable to the Licensor under this Agreement are exclusive of value added tax and any other tax of a similar nature, which shall be payable by the Licensee at the prevailing rate in addition to those amounts.
- 7.3 The Licensee shall, by no later than fourteen (14) days after 1st January and 1st July in each calendar year, submit a statement of account to the Licensor in such manner and form as the Licensor may prescribe, setting out the Licensee's activities in Non-Member Territories in the preceding six-month period, and the Licensee's calculation of the Licence Fees and other amounts payable to the Licensor in respect of that period. If the Licence Fees for any period are less than \$1,000 (one thousand United States dollars), a statement shall nevertheless be due but no payment shall be due until the period in which the accumulated Licence Fees of \$1,000 or greater are due, at which time the Licensee shall be liable to pay the accumulated Licence Fees.
- 7.4 The Licensee shall provide the Licensor with such information as the Licensor may reasonably request for the purpose of verifying any statement of account submitted to the Licensor under **clause 7.3**.
- 7.5 The Licensor shall, following receipt of a statement of account from the Licensee under **clause 7.3**, submit an invoice to the Licensee setting out the Licence Fees and other amounts payable by the Licensee in respect of the period to which the

statement of account relates. The Licensee shall pay to the Licensor all amounts set out on each invoice submitted under this **clause 7.5** within thirty (30) days of receipt of that invoice. The Licensee shall make payment under this **clause 7.5** by wire transfer or by such other means as the Licensor may make available to the Licensee for time to time.

7.6 Interest shall accrue on any outstanding Licence Fees and other amounts at the rate of the lesser of (a) 500 basis points above the European Inter-Bank Offer Rate (EURIBOR), calculated daily from the date on which payment was due and compounding at the end of each calendar month or (b) the maximum amount allowed under applicable law.

8. **PROTECTION OF THE LICENSOR'S INTELLECTUAL PROPERTY**

8.1 Nothing in this Licence Agreement transfers to the Licensee any right, title or interest in or to the Intellectual Property Rights in the International Release or any part of it, except as expressly set out in **clause 2**.

8.2 The Licensee shall not:

8.2.1 use any trademark or service mark (or any registrations thereof) other than the Association's trademarks, in any name that includes the word "SNOMED" or that is confusingly similar to SNOMED CT or any other similar trademark;

8.2.2 apply for any trade mark or service mark (or any registrations thereof) in any name that includes the word "SNOMED", or that is confusingly similar to SNOMED, SNOMED CT or any other similar trade mark;

8.2.3 abbreviate the marks SNOMED or SNOMED CT; or

8.2.4 do anything with respect to the foregoing trade marks that damages or could reasonably be deemed to reflect adversely on the Licensor or such trade marks.

8.3 The Licensee shall:

8.3.1 include the following notice on all media on which the Licensee Products are distributed and on the documentary form of each sub-licence granted by the Licensee under **clause 2.1.5**:

"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."

8.3.2 specify in all media on which the Licensee Products are distributed the version and date of the International Release contained in the Licensee Product.

- 8.4 The Licensee shall be entitled to use the “SNOMED” and “SNOMED CT” trade marks only on the Licensee Products distributed and modified in accordance with this Licence Agreement and any services relating thereto but not otherwise and subject to the trade mark utilisation Regulation developed by the Licensor and published by the Licensor from time to time. All use by the Licensee of the “SNOMED” and “SNOMED CT” trade marks, and all goodwill resulting from that use, shall inure to the Licensor’s benefit.
- 8.5 The Licensee shall maintain quality standards with respect to modifying, supplementing, marketing and distributing the Licensee Products, and any services relating thereto, that are in accordance with applicable law and are at least as stringent as the Regulations developed by the Licensor and published by the Licensor from time to time.
- 8.6 Upon reasonable written notice from the Licensor, the Licensee shall provide the Licensor with representative samples of materials, software products, advertising, agreements for use of the Licensee Products (other than the terms of those agreements that are unrelated to the Licensor’s rights and obligations under this License Agreement) and/or other written materials relating to the Licensee’s use of the International Release and the Licensor’s trade marks to enable the Licensor reasonably to ascertain the Licensee’s compliance with its obligations under this Licence Agreement. In the absence of circumstances giving the Licensor reasonable grounds to suspect a breach of this Licence Agreement, the Licensor may not give notice under this **clause 8.6** more frequently than once per year.
- 8.7 If any use of the International Release (including without limitation use through a Licensee Product) is reasonably determined by the Licensor to be below the standards of quality required under this Licence Agreement, the Licensor shall notify the Licensee of such deficiency in writing. Upon receipt of such notice, the Licensee shall take all necessary steps to correct such deficiency (including such steps as the Licensor may reasonably specify).
- 8.8 The Licensee shall maintain a complete, accurate and up-to-date register of all sub-licences granted by the Licensee under **clause 2.1.5**, and shall make that register available for inspection during normal business hours by the Licensor and its representatives upon the Licensor giving not less than fourteen (14) days’ prior written notice. The register maintained by the Licensee under this **clause 8.8** shall at a minimum contain the following information in respect of each sub-licence: the name and registered office of the sub-licensee; the Licensee Product subject to the sub-licence; and the version of the International Release included in that Licensee Product. In the absence of circumstances giving the Licensor reasonable grounds to suspect a breach of this Licence Agreement, the Licensor may not give notice under this **clause 8.8** more frequently than once per year.

9. COMPLIANCE WITH LOCAL REQUIREMENTS IN MEMBER TERRITORIES

9.1 The Licensee may only exercise its rights under this Licence Agreement in a Member Territory in accordance with such conditions as the Member for that territory may prescribe from time to time.

9.2 Conditions prescribed by a Member under **clause 9.1** may:

9.2.1 include, without limitation, a requirement that the Licensee notify the Member before exercising its rights under this Licence Agreement in that Member's territory and a requirement that the Licensee enter into a licence agreement with the Member in respect of that Member's National Release; and

9.2.2 relate to the International Release, the Member's National Release or any part of either of them.

10. AFFILIATE STATUS

10.1 During the term of this Licence Agreement the Licensee shall be an Affiliate.

10.2 As an Affiliate, the Licensee shall be entitled to participate in the Licensor's Affiliates Forum, which is a forum in which the Licensee and other Affiliates may communicate with the Licensor and with each other. The Licensor may make Regulations from time to time governing the Licensee's participation in the Affiliates Forum. New Regulations that the Licensor shall make from time to time governing participation in the Affiliates Forum shall not remove the Licensee's right to participate in that forum.

11. REPRESENTATIONS AND WARRANTIES

11.1 To the extent permitted by law, the Licensor excludes all representations, warranties and conditions that would otherwise be implied by law in this Licence Agreement (including, without limitation, all implied warranties of merchantability or fitness for a particular purpose).

11.2 Without limiting **clause 11.1**, the Licensor does not represent or warrant that the International Release or any part of it will satisfy any of the Licensee's requirements, operate in combinations selected by the Licensee or be free from defects or errors.

12. LIMITATION OF LIABILITY

12.1 The Licensor shall not be liable to the Licensee or to any other person, 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 Licence Agreement (including, without limitation, in respect of the Licensee's use of or inability to use the International Release or any part of it):

12.1.1 indirect or consequential loss;

12.1.2 special or punitive damages;

12.1.3 loss of profits, loss of savings and loss of revenue;

12.1.4 loss of business, loss of reputation and loss of goodwill; and

12.1.5 loss of data.

12.2 Neither the Licensor nor any Member shall be liable to the Licensee or any other person for any failure by the Licensor or the Member (as the case may be) to maintain or distribute any Extension (or part thereof) or Derivative transferred to the Licensor or the Member (as the case may be) in accordance with **clauses 3.4 or 3.5**.

12.3 The liability of the Licensor arising in any year under or in connection with this Licence Agreement, whether in contract, tort (including negligence), misrepresentation, breach of statutory duty or otherwise, shall not in any event exceed the Licence Fees paid by the Licensee in respect of that year.

12.4 Nothing in this Licence Agreement excludes or limits the liability of either party for:

12.4.1 fraud (including fraudulent misrepresentation);

12.4.2 death or personal injury caused by the negligence of that party;

12.4.3 any breach of its obligations implied by section 12 of the Sale of Goods Act 1979; or

12.4.4 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).

13. **ASSIGNMENT**

13.1 The Licensee may not assign, novate or otherwise transfer any of its rights or obligations under this Licence Agreement to any person without the prior written consent of the Licensor not to be unreasonably withheld.

13.2 The Licensor may transfer all of its rights and obligations under this Licence Agreement to any person to whom the Licensor transfers the Intellectual Property Rights in respect of which the licences under this Licence Agreement are granted.

14. **GENERAL PROVISIONS**

14.1 This Licence Agreement contains the entire agreement between the parties relating to the subject matter of this Licence Agreement, supersedes all previous agreements between the Parties relating to that subject matter and sets out the entirety of the Licensee's rights in respect of the International Release.

- 14.2 Each party acknowledges that, in entering into this Licence Agreement, it has not relied on any representation, warranty, collateral contract or other assurance made by or on behalf of the other party before the date of this Licence Agreement.
- 14.3 Except as provided in **clause 6.3**, this Licence Agreement may not be varied except in writing signed by both parties and expressed to vary this Licence Agreement.
- 14.4 Nothing in this Licence Agreement shall give either party the ability to act or incur obligations or liability on behalf of the other party or constitutes a joint venture, agency, partnership or employment relationship between the parties.
- 14.5 If any term of this Licence Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the legality, validity or enforceability in that jurisdiction of any other term of this Licence Agreement, or the legality, validity or enforceability in any other jurisdiction of that or any other term of this Licence Agreement.
- 14.6 The Licensee agrees that the Licensor may appoint third parties to process personal data provided by the Licensee to the Licensor under or in connection with this Licence Agreement (including without limitation payment details provided in connection with the payment of Licence Fees). In connection with any such appointment, personal data provided by the Licensee may be transferred to, and processed in, a country outside the European Economic Area (EEA). The laws governing the processing of personal data may be less stringent in such a country than in the member countries of the EEA.

15. **GOVERNING LAW AND JURISDICTION**

- 15.1 This Licence Agreement shall be governed by, and construed in accordance with, English law.
- 15.2 The English courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Licence Agreement (including a dispute regarding its existence, validity or termination).
- 15.3 **Clause 15.2** is for the benefit of the Licensor only. As a result, the Licensor shall not be prevented from taking proceedings relating to any dispute in any other courts with jurisdiction. To the extent permitted by law, the Licensor may take concurrent proceedings in any number of jurisdictions.

Appendix A

Defined Terms

In this Licence Agreement, the following defined terms have the following meanings:

Affiliate	an affiliate of the Licensor in accordance with the Licensor's Articles of Association (vedtægter);
Cross-Map	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);
Data Analysis System	a computer system that is used to analyse records or other data that is encoded using SNOMED CT, but not if that system is also a Data Creation System;
Data Creation System	a computer system that is used to create records or other data that is encoded using SNOMED CT;
Derivative	a work consisting of (a) SNOMED CT Content, from the SNOMED CT 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;
End User	a third party user of a Licensee Product;
Extension	A work consisting of SNOMED CT Content alone that is supplementary to the SNOMED CT Core and that depends on the SNOMED CT Core;
Intellectual Property Rights	patents, trade marks, service marks, copyright (including rights in computer software), moral rights, database rights, rights in designs, trade secrets, know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect in any jurisdiction;
Hospital	a health care facility consisting of multiple Practices

and providing in-patient care;

International Release	the release produced and distributed by or on behalf of the Licensor, consisting of the SNOMED CT Core, the Specifications and the Licensor's Derivatives and other documents and software;
Licence Fees	the licence fees set out in Appendix B (Licence Fees in Non-Member Territories);
Licensee Products	products distributed or licensed by the Licensee that include the International Release (or any part of it) and/or any Extensions or Derivatives created by the Licensee under this Licence Agreement;
Member	a member of the Licensor;
Member Territory	a territory that is represented by a Member (as published by the Licensor from time to time);
Namespace Identifier	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 Release	in respect of each Member, the release produced and distributed by the Member, consisting of the International Release, the Member's Extensions, the Member's Derivatives and other documents and software;
Non-Member Territory	a territory that is not a Member Territory;
Practice	a single department of a Hospital, or any health care facility that provides principally out-patient care, including without limitation a pharmacy, an optician's facility, a physiotherapy centre, a general medical practice or a family medical practice;
Qualifying Research Project	a discrete research project that meets all of the following criteria: (a) it is supported by a formal proposal that has been peer reviewed; (b) it has been ethically approved in accordance with

the prevailing legislation, regulations and guidelines in effect in the relevant territory;

(c) it is conducted within a definite timeframe; and

(d) the results of the research are offered for publication in peer-reviewed public journals and are provided to the Licensor free of charge;

Relationship

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

SNOMED CT

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

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

SNOMED CT Core

the SNOMED CT Content that is controlled, maintained and distributed by the Licensor from time to time;

SNOMED CT Identifier

a code, of a kind defined by the Licensor in Specifications, for identifying concepts, descriptions and Relationships;

Specification

specifications promulgated by the Licensor for products and processing relating to SNOMED CT, including specifications of the internal logic of SNOMED CT, editorial policies, guidelines and characteristics;

Sponsored Territory

a Non-Member Territory that has been recognised and designated by the Licensor as a sponsored territory (as published on the Licensor's web site);

Standard

a Specification that is formally adopted by the Licensor; and

Standards-Based

in respect of an Extension or a Derivative, an Extension or Derivative the creation of which is the

subject of one or more Standards;

Sub-Set

a sub-set of SNOMED CT Content that is grouped together for one or more purposes.

Appendix B

Licence Fees in Non-Member Territories

1. Introduction

- 1.1 This Appendix B sets out the licence fees payable by the Licensee in respect of its activities in Non-Member Territories.
- 1.2 The licence fees set out in this Appendix B do not apply in respect of the Licensee's activities in any Non-Member Territory if that Non-Member Territory is a Sponsored Territory or was a Sponsored Territory at the time when the Licensee's activities in that Non-Member Territory were carried out.
- 1.3 The Licensor may, in its sole discretion, waive the Licensee's obligation to pay any or all of the licence fees set out in this Appendix B if the Licensor considers that the Licensee's activities in any Non-Member Territory are in support of charitable or humanitarian causes in that Non-Member Territory. Any waiver by the Licensor under this paragraph 1.3 may be revoked by the Licensor at any time, shall be without prejudice to any of the Licensor's other rights and remedies under this Licence Agreement and shall not relieve the Licensee of any of its other obligations under this Licence Agreement.

2. Data Creation Systems

- 2.1 The Licensee shall pay the following fees in respect of each hospital or Practice in a Non-Member Territory in or to which the Licensee:
- (a) deploys the International Release in a Data Creation System, unless that Data Creation System is used exclusively in connection with a Qualifying Research Project; or
 - (b) distributes or licenses a Licensee Product that is or includes a Data Creation System, unless that Licensee Product is used exclusively in connection with a Qualifying Research Project.

Hospital in Band A Territory	US\$ 1,500 per annum
Hospital in Band B Territory	US\$ 1,000 per annum
Hospital in Band C Territory	US\$ 500 per annum
Practice in Band A, B or C Territory	US\$ 500 per annum
Hospital or Practice in other territory	As per paragraph 6.2.

- 2.2 The total fees payable by the Licensee in respect of a number of Practices in a single hospital shall not exceed the fee applicable to the hospital itself.

3. Data Analysis Systems

3.1 The Licensee shall pay the fees set out in paragraph 3.4 if the Licensee:

- (a) deploys the International Release in a Data Analysis System in a Non-Member Territory, unless that Data Analysis System is used exclusively in connection with a Qualifying Research Project; or
- (b) distributes or licenses a Licensee Product that is or includes a Data Analysis System in a Non-Member Territory, unless that Licensee Product is used exclusively in connection with a Qualifying Research Project.

3.2 The fees set out in paragraph 3.4 apply in respect of each deployment, distribution or licence of a Data Analysis System, and vary according to the Non-Member Territory in which the deployment, distribution or licensing takes place.

3.3 If any Data Analysis System to which the fees in paragraph 3.4 apply consists of more than one database, the fees applicable to that Data Analysis System shall be multiplied by the number of databases in that Data Analysis System.

3.4 The fees under this paragraph 3 are as follows:

Band A Territory	US\$ 1,500 per annum
Band B Territory	US\$ 1,000 per annum
Band C Territory	US\$ 500 per annum
Other territory	As per paragraph 6.2.

4. Derivative or Third Party Extension Development

The Licensee shall pay a fee of US\$ 500 per annum if its activities are limited to either of the following activities in one or more Non-Member Territories:

- (a) the creation of Derivatives or Third Party Extensions; and/or
- (b) the distribution or licensing of Licensee Products that consist solely of one or more Derivatives or Third Party Extensions.

5. Other Activities

5.1 The Licensee shall notify the Licensor in writing before deploying the International Release or distributing or licensing Licensee Products (in each case, other than exclusively in connection with Qualifying Research Projects) in any Non-Member Territory in a manner that does not fall within paragraphs 2 to 4 of this Appendix B, explaining the Licensee's proposed activities.

- 5.2 Upon receiving notice from the Licensee under this paragraph 5, the Licensor may request, and the Licensee shall provide, such additional information in relation to the Licensee's proposed activities as the Licensor considers reasonably necessary to determine an appropriate licence and reasonable fee in respect of the Licensee's proposed activities.
- 5.3 The Licensee shall be liable to pay such licence fees as the Licensor may determine in accordance with this paragraph 5.

6. Non-Member Territory Bandings

- 6.1 The allocation of a Non-Member Territory into Band A, Band B or Band C shall be as determined by the Licensor (based on the Non-Member Territory's relative Gross National Income (GNI) or other measure adopted by the Licensor) and published by the Licensor on its web site.
- 6.2 The Licensee shall notify the Licensor in writing before carrying out any activity of a kind described in paragraphs 2 or 3 of this Appendix B in a Non-Member Territory that has not been allocated by the Licensor under paragraph 6.1. Upon receiving notice from the Licensee under this paragraph 6.2, the Licensor shall allocate the Non-Member Territory as described in paragraph 6.1.