

**Approval to hold a stake in a financial sector company of more than 20% - 9 of 2020**

*Financial Sector (Shareholdings Act) 1998*

To: Arch Capital Group Ltd. (*Bermuda Public Limited Liability Company*) and all the other applicants listed in the attached Schedule 1 (the Applicants).

## SINCE

1. On 17 April 2020 the Applicants applied to the Treasurer under section 13 of the Act for approval to hold a 29.5% stake in each of the companies listed in the attached Schedule 2 (the Companies) each a financial sector company under the Act;
2. I am satisfied that it is in the national interest to approve the Applicants to hold a 29.5% stake in the Companies.

I, John Huijsen, a delegate of the Treasurer under subsection 14(1) of the Act, APPROVE the Applicants to hold a 29.5% stake in the Companies.

This instrument commences on the date it is signed and remains in force indefinitely. Dated: 30/12/2020  
[Signed]

John Huijsen General Manager Insurance Division

**Interpretation**

In this Notice

***Act*** *means the Financial Sector (Shareholdings) Act 1998.*

## ***APRA*** means the Australian Prudential Regulation Authority.

***financial sector company*** has the meaning given in section 3 of the Act.

***stake*** *in relation to a company*, has the meaning given in clause 10 of Schedule 1 to the Act.

***unacceptable shareholding situation*** has the meaning given in section 10 of the Act.

*Note 1* A person who holds an Approval under section 14 of the Act may apply to the Treasurer under subsection 17(1) of the Act, to vary the percentage specified in the Approval.

*Note 2* Under subsection 17(6) of the Act, the Treasurer may, on the Treasurer’s own initiative, by written notice given to a person who holds an Approval under section 14, vary the percentage specified in the Approval if the Treasurer is satisfied it is in the national interest to do so.

*Note 3* The circumstances in which the Treasurer may revoke a person’s Approval under section 14 are set out in subsection 18(1) of the Act.

*Note 4* Section 19 of the Act provides for flow-on approvals. If an Approval has been granted for the holding of a stake in a financial sector company and the financial sector company is a holding company for an authorised deposit-taking institution or an authorised insurance company, then an approval is taken to exist for the holding of a stake of equal value in each financial sector company that is a 100% subsidiary of the holding company.

*Note 5* Under section 14 of the Act, the Treasurer must give written notice of this Approval to the applicant and financial sector company concerned and must publish a copy of this notice on the Federal Register of Legislation.

*Note 6* Under section 11 of the Act, a person or 2 or more persons under an arrangement are guilty of an offence if the person(s) acquires shares in a company and the acquisition has the result, in relation to a financial sector company, that:

1. an unacceptable shareholding situation comes into existence; or
2. if an unacceptable shareholding situation already exists in relation to the company and in relation to a person

– there is an increase in the stake held by the person in the company;

and the person(s) was reckless as to whether the acquisition would have that result. A maximum penalty of 400 penalty units applies or by virtue of subsection 4B(3) of the Crimes Act 1914, in the case of a body corporate, a penalty not exceeding 2,000 penalty units. By virtue of section 39 of the Act, an offence against section 11 is an indictable offence.

**SCHEDULE 1 - the persons, in addition to Arch Capital Group Ltd. (*Bermuda Public Limited Liability Company)* who applied for approval:**

* 1. Arch Reinsurance Ltd. *(Bermuda Limited Liability Company)*
  2. Arch Financial Holdings Europe II Limited *(Ireland Holding Company)*
  3. Arch Financial Holdings Europe IV Limited *(Ireland Holding Company)*
  4. Coface SA *(France Société Anonyme)*

# SCHEDULE 2 - the financial sector companies

1. Coface SA *(France Société Anonyme)*
2. Compagnie Française d’Assurance pour le Commerce Extérieur *(France Société Anonyme)*