

By-Laws

(19 March 2021)

The present By-Laws have been approved by the Board of Directors' meeting of 12 May 2017, in accordance with the Articles of Association. The latter have priority in case of conflict.

The By-Laws of ECSDA set out the rules which govern the internal functioning of the Association which is an international non-profit association of unlimited duration. The Association is governed by the provisions PARTIE 3, LIVRE 10 du Codes des Sociétés et des Associations, relating to non-profit associations, international non-profit associations and foundations and by its Articles of Association. The present By-Laws complement both the ECSDA Articles of Association and the Belgian legislation.

- Title I -

Members

Article 1. Application and admission process

Applicants for ECSDA membership will receive from the Secretary General of the Association the following documents describing the conditions for admission and the rules for the functioning of the association:

- The Articles of Association;
- The By-Laws.

In its application letter, which should specify the category of member (full or associate) the applicant would like to belong to, the applicant will formally confirm in writing, before the General Meeting that has to approve its application, that it received all documents and that it accepts the validity of the Articles of Association of ECSDA, and that it agrees to comply with its By-Laws and with the decisions made by the Board of Directors.

The applicant will also provide evidence that it complies with the requirements set out in Article 5 of the Articles of Association upon applying for admission,

- Title II -

General Meeting

Article 2. Principles of representation at General Meetings

It is the member organisation (and not the individual person) which is eligible to take part in General Meetings.

By default, Directors are considered the official representatives of the member organisation which submitted their application as Director in the ECSDA Board for the purpose of counting votes at General Meetings. In case an ECSDA member organisation is not represented by a Director at a General Meeting, it can designate another representative to vote on its behalf by submitting, at the latest 3 days before the General Meeting, a Power of Attorney (PoA) to the Secretary General of the Association which contains the following details:

- date and place of the Meeting
- precise designation of the member organisation
- name and title of the personal representative
- signature of the person validly representing the member organisation.

- Title III -

Board of Directors

Article 3. Principles of representation at Board of Directors' meetings

3.1 Directors

The Directors of the Board of Directors are personally appointed by the General Meeting.

The Directors may be represented at Board meetings by giving a proxy to another Director. A Director may be holder of an unlimited number of proxies.

The absent Director or the Director who represents him or her must submit, at least 3 days before the meeting, a proxy to the Secretary General of the Association which contains the following details:

- date and place of the Board Meeting
- name of the Director who will represent the absent Director
- signature of the absent Director.

Each Director may appoint a deputy who can act as his or her adviser and who may participate in all Board meetings in that capacity, in case of absence of the Director whom he or she advises. The deputy does not have any voting right.

The Director will inform the Secretary General of the Association in writing of the name of his or her deputy. The deputy will lose the possibility to participate in the Board meetings in his or her capacity of adviser as from the moment of the resignation of the Director who appointed him or her.

The Directors may terminate the mandate of their deputy at any time. In that case, they must inform the Secretary General of the Association of the name of their new deputy. The designation becomes valid upon the receipt of the written notice.

3.2 Observers

Observers, who are representatives from associate members, may attend the meetings of the Board of Directors but do not have any decision-making power or voting right. Observers may have a deputy in the exercise of their duties but he/she has neither decision-making power nor voting right.

Article 4. Description of the powers of the Directors

The Directors deliberate and make joint decisions which are enforceable by all members of the Association.

The Board of Directors defines the policy to follow in the framework of the Association's social objective. Therefore, it has at its disposal the most extensive powers, except those that are reserved to the General Meeting by Belgian law or by the Articles of Association.

Working Groups are constituted by and work in accordance with Terms of Reference agreed by the Board of Directors. The Chairpersons of the Working Groups report to the Board of Directors directly.

The Chairman represents the Association at the highest level in all business matters and oversees the exercise by the Secretary General of his or her responsibilities in the day-to-day management of the Association.

Article 5. Responsibility of the Secretary General in organising the work of the Board of Directors

The Secretary General is jointly responsible with the Chairman for the efficient conduct of the Board of Directors' meetings. He or she distributes the draft agenda and papers for each Board of Directors' meeting at least 15 calendar days prior to the meeting.

The Secretary General issues the minutes of the Board of Directors' meeting within 15 calendar days of the date of the meeting.

Directors subsequently have 15 calendar days to send their amendments to the draft minutes, if any. In the absence of major amendments by the end of the 15 calendar days, the minutes will be deemed approved and will be signed in final form by the Chairman.

In case of amendments on substance or if one Director disagrees with the minutes, the Chairman will extend the approval period for the minutes by one additional month or will postpone the formal approval of the minutes to the next Board meeting.

The Secretary General ensures that the signed Board of Directors' minutes are kept at the registered office of the Association.

He or she is responsible for the preparation of the Annual Report on the activities of the Association, if applicable.

- Title IV -

Executive Committee

Article 6. Description of powers of the Executive Officers and the Executive Members

According to Article 24 of the Articles of Association, the Board of Directors may delegate management powers to an Executive Committee, composed of at least 4 people: a Chairman, two Vice-Chairmen and a Treasurer. The persons holding the aforementioned functions have the title of Executive Officers within the Executive Committee. The other Executive Committee members, whose number shall not exceed 10, have the title of Executive Members.

The Executive Officers and the Executive Members are collectively known as the Executive Committee. The Executive Committee meets regularly to review the work plan and the administration of ECSDA. It has no executive powers other than those explicitly delegated by the Board of Directors and cannot make decisions in areas reserved to the Board of Directors. The Executive Committee prepares the decisions of the Board of Directors and must inform the Directors as soon as possible about any events and meetings not previously planned during a Board of Directors Meeting.

The Executive Officers and the Executive Members shall not have a deputy in the exercise of their duties.

The individual powers and responsibilities are the following:

6.1 The Chairman

The Chairman:

- represents the Association at the highest level in all business matters,
- chairs the meetings of the Executive Committee and of the Board of Directors.

6.2 The Vice-Chairmen

- act as Chairman should the latter be absent,
- co-ordinate the work of the Working Groups,
- oversee the allocation of the budget among the Working Groups where necessary to support their activities.

6.3 The Treasurer

- is responsible for overseeing the financial administration and the accounts of ECSDA, together with the Chairman,
- presents, with the support of the Secretary General, the annual accounts, the budget (including the annual members' contribution) at the meeting of the Board of Directors which prepares the General Meeting where the accounts and/or the budget are approved,
- ensures that interim statement of accounts (income and expenditure) are drawn up every three months by the accountant. The most recent quarterly statements are sent to Directors and Observers before each meeting of the Board of Directors.

6.4 Executive Members

With a view to:

- allowing to the larger possible extent the participation of the members of the Association in the work of the Executive Committee,
- ensuring to the larger possible extent a fair geographical representation of the members of the Association,

a maximum of 10 additional people will be elected among the Directors of the Board in order to participate in all meetings and discussions of the Executive Committee with a capacity as Executive Member.

Article 7. Procedure for the election of members of the Executive Committee

- 7.1 The Board of Directors should be informed of Executive Committee vacancies by written notice (usually by email), to be issued by the Secretary General at least 3 weeks before the date of the Board of Directors meeting which is to hold the votes for vacant positions.
- 7.2 When the full number of Executive Committee members (Executive officers and members) falls under fourteen (14), a call for applications can be sent and elections can take place at the next Board meeting.
Maximum two (2) members from the same group with more than two CSDs member of ECSDA can be elected at the Executive Committee.

In the case of departing Executive Officers the position of the departing Executive Officer (Chairman, Vice-Chairman or Treasurer) can be attributed by the Board of Directors to an existing Executive Member following the procedure described in this Article, which applies to all elections of Executive Committee members.

- 7.3 Candidates must be Directors of the Board of Directors. They must send their application at least 7 working days before the Board of Directors meeting by letter or by e-mail to the Secretary General, who informs the Chairman.
- 7.4 The names of the candidates will be sent at least 5 working days before the meeting to all Directors of the Board of Directors.
- 7.5 At the Board of Directors' meeting, the names of the candidates will be written in alphabetic order on a voting paper with boxes marked 'YES' and 'NO' opposite each name. There will be a separate voting paper for each vacant position.
- 7.6 During the Board of Directors' meeting, a vote will be held. The procedure will be as follows:
- 7.6.1 Each Director will have to indicate his/her choice, by secret vote, on a voting paper prepared by the Executive Committee. The Executive Committee is in charge of totalising the votes. Where votes are blank or spoilt, they will be disregarded in calculating a majority.
- 7.6.2 If there is only one candidate for the available position, at least half of the Directors will have to support that candidate. To this end, there is a vote by show of hands. Should the candidate not obtain at least half the votes, the meeting will need to consider how to proceed.

- 7.6.3 If there is more than one candidate for the position:
A candidate will be elected in the first vote if he or she obtains a simple majority of the votes (cf. example 1 enclosed).
If no candidate obtains a simple majority of the votes, a second vote is held.
The two candidates who gained the most votes in the first vote are eligible for the second vote.
If the second and the third candidates have the same number of votes in the first vote, a special vote only involving these two candidates will be held; the candidate who obtains a simple majority in the special vote will go through to the second vote.
In the second vote, the candidate who obtains a simple majority of votes is elected (cf. example 2 enclosed).

If any cases which are not covered in this procedure, the Directors will need to consider how to proceed.

Article 8. Organisation of Executive Committee meetings

As a rule, the Executive Committee should convene in the 2-month period preceding a Board of Directors' meeting. In some cases, the Chairman might call for additional Executive Committee meetings.

The Secretary General distributes the draft agenda and documents for each Executive Committee meeting at least 15 calendar days in advance of the meeting.

After the meeting of the Executive Committee has taken place, the Secretary General issues a meeting summary which is sent to the members of the Executive Committee within 15 calendar days of the date of the meeting.

- Title V -

Working Groups

Article 9. Working Groups

The Board of Directors decides upon the creation of a Working Group as well as upon its termination.

The Board of Directors decides upon the nomination of the Chairperson of a Working Group, taking into consideration the experience of the person as well as his/her capacity to free up some time for the benefit of the Association.

The Board of Directors decides upon the termination of the mandate of the Chairperson of the Working Group.

The Board of Directors shall make regular assessment of the works of the Working Groups and approve their Terms of reference.

The Chairperson of each of the Working Groups decides upon the composition of his/her Working Group and the maximum number of participants, aiming at ensuring a fair and equitable representation of all the members of the Association, in line with the Terms of reference.

The Chairperson of the Working Group designates a Deputy.

The ECSDA Secretariat assists the Working Groups with the preparation and follow-up of meetings, including by centralising and circulating relevant documents (agendas, minutes, meeting documentation...) and by ensuring that the list of Working Group members is up-to-date.

In close cooperation with the Working Group Chairpersons, the Secretariat ensures that Working Group documents and relevant information are communicated outside the Group (e.g. to the wider ECSDA membership or to external stakeholders), as appropriate.

- Title VI -

Financial Aspects

Article 10. Procedure for requesting contributions

The General Meeting shall approve the amount of the annual contribution as part of the budget for the following year, based on a proposal of the Board of Directors.

The Treasurer shall call annual contributions by asking the ECSDA Secretariat to send an invoice to all members in January of each year.

All contributions are paid in Euro.

Contributions will be requested to all the members of the Association whose membership is effective on 1 January for the corresponding calendar year.

Should an organisation become a new member between 2 January and 30 June, it shall pay the full annual contribution for the calendar year.

Should an organisation become a new member between 1 July and 31 December, it shall pay only half of the annual contribution until the next calendar year.

Should an organisation's membership be effectively terminated during the calendar year, it cannot claim any refund of contributions paid that year.

Article 11. Authorisation of expenses and Power of signature

11.1 Letters dealing with the day-to-day administration and not financially binding for the Association

The Secretary General, the Chairman, one of the Vice-Chairmen or the Treasurer may sign on his or her own.

11.2 For all payments and for documents (such as contracts with external providers) which commit the Association financially, the following authorisations are required:

- Up to €5,000: the Secretary General, the Chairman, the Vice-Chairmen or the Treasurer can sign the contract or authorise the payment on his or her own.
- Above €5,000: the Secretary General will need the joint prior authorisation from two Executive Officers (the Chairman, a Vice-Chairman, and/or the Treasurer).

11.3 General principles on payments and the monitoring of expenses

Payments from the ECSDA budget are made by bank payment instructions (direct debit, bank transfer or credit/debit card payment) upon due documentation, and based on the authorisation process described in point 11.2. The due documentation is kept by the Secretariat. The Secretariat also maintains petty cash (in EUR and a few foreign currencies) for small office cash expenditures which are duly registered.

The Secretary General uses a business credit card preferably for all of his or her professional expenditures. This card is used exclusively for ECSDA official expenses and supported by appropriate documentation. After checking the monthly credit card statements against the appropriate supporting documents, the Executive Assistant prepares a monthly expense report based on this statement, which is sent to the Chair, the Treasurer and the Vice-Chairmen. The Treasurer is responsible for the review and sign-off of these reports (“ex post approval”). The Treasurer should also have direct access to the bank account statements.

11.4 Travel expenses

As a general rule, when travelling for business, ECSDA employees should aim to travel via the lowest cost alternative, consistent with good business practices. Neither luxury, nor sub-standard modes of transportation and accommodations should be used.

Travel by members of the staff is approved by the Secretary General.

For train travel (to be privileged in particular for journeys that do not exceed 3 hours), a second class flexible ticket should be seen as the standard, although cheaper, non-refundable tickets should be used whenever the cancelling/re-scheduling of the trip is considered unlikely.

For travel by plane, economy tickets are the rule for short-distance flights. Business class travel is only authorised for long-haul flights (as defined by the air carriers or whenever the flight time exceeds 6 hours).

For any other modes of transportation, a similar approach should be adopted.

The Secretary General is responsible for ensuring that all employee travel and the expenses associated with it have been duly authorised and are compliant with these principles. In authorising an expense, he or she should consider whether it is reasonable and consistent with ECSDA's mission. Decisions for non-European travel are made by the Secretary General after consultation with the Chairman or the two Vice-Chairmen.

Any travel expense which deviates from the general principles has to be sent for prior approval to an Executive Officer. Such approval is normally requested by email and should include a clear overview of the total expense and business rationale for the trip.

Accommodation and meals while on business trips are reimbursed based on original invoices provided that they are deemed reasonable. The chosen hotels should meet with industry accepted business travel standards with reference to comfort, convenience and cost.

In certain cases, a lump sum allowance might be considered instead (e.g. if invoices cannot be produced). Such lump sum payments must be authorised by an Executive Officer.

11.5 Staff benefits and related expenses

The Executive Officers are responsible for assessing the performance of the Secretary General on a regular basis, including by conducting an annual appraisal discussion with the Secretary General and by deciding on the attribution of a performance bonus, whenever appropriate. In the exercise of their duties, the Executive Officers will take due account of the discussions held with and the feedback received from the other members of the Executive Committee and the Board.

The Executive Officers are also responsible for overseeing the staff remuneration policy. The Secretary General submits any proposed changes in staff remuneration and benefits to the approval of the Executive Officers. The Secretary General is responsible for the appraisal of other ECSDA staff members and for reporting to the Executive Officers on the allocation of the training budget and staff incentives (if appropriate), in the limits of the amounts budgeted for and approved by the Board of Directors for this purpose.

Article 12. Bank account

A new bank account may be opened by the Treasurer, with the prior approval of the other Executive Officers. The Treasurer will organise the proxies for him or her and the Secretary General on the bank account.

Article 13. Investment policy and reserves

Without prejudice to the relevant decision of the General Meeting on the constitution of a reserve fund, the Treasurer should ensure, when he or she makes a proposal on the amount of the annual contributions to be paid by members, that sufficient reserves (e.g. equal to 100% of current annual expenditure) are deposited with no less than two major banks, one of which at least should be established in Belgium.

Financial investments can only be authorised by the Treasurer, whatever the amount. These must be without any speculative nature. The interest income is added to the annual income.

Article 14. Independent certification of the accounts by the External Auditor

The external auditor shall examine and audit the financial situation and the annual accounts of the Association and the regularity of the operations recorded in its accounts. The external auditor may examine, without removing them, the books, correspondence, minutes and generally all documents and all the Association's accounts.

The financial administration is kept for 10 years by the Secretariat.

- Title VII -

Professional liabilities

Article 15. Directors' Liability Insurance

As international non-profit association (“association internationale sans but lucratif” or aisbl under Belgian law), ECSDA is liable in Court. ECSDA therefore provides an insurance policy to protect Directors of the Board and the Secretary General against liability arising from potential litigations.

ENCLOSURE 1

Example 1

members present: 14
 member represented by proxy: 1

1st hypothesis:

Valid votes 15

Votes required 8

2nd hypothesis:

Valid votes 13

Blank 2

Votes required 7

Example 2

1st vote

Candidate	A	B	C	D
X	8	7	7	6
Y	4	4	3	6
Z	3	4	3	3
Blank	-	-	2	-
Number of votes	15	15	15	15

- Example A

A majority is 50% of 15, rounded up = 8.

Therefore candidate X is elected in the first vote and a second vote is not necessary.

- Example B

No candidate has a majority.

Candidate X heads the list; he will run in the second vote.

The second and the third candidates have the same number of votes, therefore a special vote is necessary to decide between those two candidates. The candidate who obtains a majority of votes will then run with the candidate X in the second vote.

- Example C

A majority is 50% of 13 rounded up = 7.

Therefore candidate X is elected in the first vote.

- Example D

Nobody has a majority. The first two candidates, X and Y, will run in the second vote.

ENCLOSURE 2 – Membership fee calculation

The total annual budget of the Association is divided into the number of members, as follows:

- 1) The membership fee for Associate members.
- 2) The members fees for full members are derived from dividing the remaining amount of the annual budget in 4 categories.
 - a) A- very big members
 - b) B- big members
 - c) C- medium members
 - d) D- small members

The category of the full member is proportionate to the activity of the member based on a ranking approach using:

1. the value of financial instruments deposited in a CSD
2. the value of delivery instructions
3. the number of delivery instructions

The ranking is based on the figures of the previous year and is announced at the last Board of the year, at the latest.

The maximum amounts of membership fees for full and Associate members are specified in the Articles of Association.