

By-Laws

(18 April 2024)

The present By-Laws have been approved by the Board of Directors in writing and finalised on 30 April 2024. They are written in accordance with the Articles of Association (AoA), the latter document has 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 of the Belgian Code on Companies and 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, the applicant should specify the category of membership (full or associate) for which it is applying, that it received and accepts the validity of the relevant documents applying to Members (such as the Articles of Association of ECSDA, its By-Laws) and accepts the decisions made by the General Meeting and 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 the General Meetings

It is the member organisation (and not the individual) that is eligible to take part in General Meetings. The Member organisations are free to designate a 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 elected by the General Meeting.

The mandate of a Director terminates at the end of the period of 3 years for which they have been elected, by resignation, and automatically and with immediate effect in the event of death or incapacity.

If the mandate of a Director ends before its term for any reason other than because of the termination of the Membership or Member's suspension, the Member represented by the concerned Director may propose to the Board of Directors a new qualified candidate. Upon the endorsement of the Board, the Member can be invited to the Board Meetings without a voting right until the formal appointment by the General Meeting. If the General Meeting does not approve the proposed candidate, this decision will not have a retroactive effect.

If the Director cannot be present at a Board meeting, they may be represented at the meeting by giving a proxy to another Director. A Director may hold 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.

The Directors shall not have a deputy in the exercise of their duty.

Article 4. Description of the powers of the Board of Directors

The Board of Directors deliberates and makes decisions jointly.

In line with Articles 11 and 22 of the AoA, ECSDA's Board of Directors defines the policy and the priorities to follow, in the framework of the Association's social purpose and 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 AoA.

The Board of Directors approves the Terms of Reference of Working Groups and Task Forces, and approves their major documents and reports, and is responsible for other matters as outlined in the Articles of Association.

Article 5. Procedure for the election of members of the Board

- 5.1 The ECSDA Members should be informed of Board vacancies by written notice (usually by email), to be issued by the Secretary General at least two months before the date of the General Meeting which is to hold the votes for vacant positions.
 - 5.2 All ECSDA Full Members are eligible to propose a candidate applying to the Board Director position. At least one-third of the Board seats shall be selected from members who do not belong to groups composed of two or more CSDs.
 - 5.3 The Candidate Board Director must be an individual appointed by the ECSDA member internally. Whenever possible, the ECSDA General Meeting should be driven by the consideration of experience and diversity (e.g. size of the CSD, gender, geography) of the composition of the Board.
 - 5.4 The ECSDA Full Members sent the applications of Candidate Board Directors, including the name (s), contacts, and email address, as well as the confirmation of adherence to the association Articles and by-laws, at least 20 days before the election by letter or by e-mail to the Secretary General, who informs the Chairperson. The names of the Candidates will be sent at least 10 working days before the meeting to all Members.
 - 5.5 At the General meeting electing the Board Directors, the names of the Candidates will be written in alphabetic order on a voting paper/digital ballot document.
 - 5.6 During the General Meeting, a vote will be held. The procedure will be as follows:
 - 5.6.1 Each member's representative will have to indicate his/her choice, by secret vote, on a voting paper/digital ballot or via an online tool prepared by the ECSDA Secretariat. The ECSDA Secretariat and the tellers of the General Meeting are in charge of totalising the votes. Where votes are blank or spoilt, they will be disregarded in calculating a majority.
 - 5.6.2 If there is only one candidate for the available Association Officer 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.
 - 5.6.3 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.

If no candidate obtains a simple majority of 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.
- If any cases are not covered in this procedure, the Members will need to consider how to proceed.

- Title IV -

Senior Council of the CSD Industry (Senior Council)

Article 6. Composition of the Senior Council

6.1 Representatives of ECSDA Full Members

All ECSDA Full Members can propose a candidate Senior Advisors for approval by the General Meeting.

Associate members can delegate an observer to the Senior Council (Article of Association Art. 7).

Candidates for the position of the Senior Council must be individuals appointed by the ECSDA Member internally.

The Chairperson or a Vice-Chairperson of the Association presides over the Senior Council meetings.

6.2 Observers on behalf of Associate Members

Observers are permanent representatives of the ECSDA Associate Members and are invited to attend the meetings of the Senior Council.

6.3 Representative of Affiliate Organisations

ECSDA Affiliate organisations representatives, described under Title VII, or invited individuals may also attend a dedicated part of the meetings of the Senior Council.

Both Observers and Representatives of ECSDA Affiliate organisations have no decision-making power or voting rights, although they may advise the Senior Council. Similarly to other participants, they can address a request to present a topic or add a point on the agenda of the meeting to the Chairperson or the Secretary General.

Article 7. Organisation of Senior Council Meetings

Agenda of the Senior Council meeting can be proposed by the Chairperson or the Secretary General and determined by the Board.

- Title V -

Association Officers and Secretary General

Article 8. Non-exhaustive description of powers of the Association Officers and Secretary General

8.1 The Chairperson

The Chairperson, among others:

- chairs the meetings of the Board of Directors, the General Meetings and the Senior Council,
- oversees the functioning of the Association and its governing bodies, as well as the exercise of duties by the Secretary General.

8.2 The Vice-Chairpersons

The Vice-Chairpersons, among others:

- act as Chairperson should the latter be absent.

8.3 The Treasurer

The Treasurer, among others:

- is responsible for overseeing the financial administration and the accounts of ECSDA, together with the Chairperson,
- presents, with the support of the Secretary General, the annual accounts, and 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 statements of accounts (income and expenditure) are drawn up internally. The most recent quarterly statements are presented to the Directors at each meeting of the Board of Directors.

8.4 The Secretary General

The Secretary General is, among others, responsible for the daily management of the Association and takes care of the preparation of General, Board, and Senior Council Meetings.

As a rule, a meeting of the Board of Directors should convene in the 2 months preceding a General Meeting. In some cases, the Chairperson might call for additional Board meetings.

The Secretary General distributes the draft agenda and available documents for each Senior Council and Board meetings, when possible and available, 7 calendar days in advance of the meeting.

After the meeting has taken place, the Secretary General issues a meeting summary which is sent to the Committee Members 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. The Secretary General ensures that the signed minutes are kept at the registered office of the Association.

8.5 Delegation

The Association Officers and the Secretary General can delegate, under their responsibility, their powers to another person, a group of persons, or a legal entity.

- Title VI -

Working Groups

Article 9. Working Groups and Task Forces

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

The Board of Directors elects the Chair and Vice-Chairperson of a Working Group and Task Force, taking into consideration the experience of the person. The Member proposing the candidate should also take into account the candidate's capacity to free up some time for the benefit of the Association. In case, no candidates are proposed for the positions of Chair or Vice-Chair, the Working Group should still be able to function, it may agree between its members on the appropriate way of functioning.

The Board of Directors decides upon the termination of the mandate of the Chair and Vice-Chairperson(s) of the Working Group and Task Force.

The Chair/Vice-Chair of the Working Groups and Task Forces should regularly update the Board of Directors, which shall review the major deliverables, make regular assessments of the works of the Working Groups and Task Forces, 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 Secretary General oversees the activities of the Working Groups and Task Force on a daily basis and can advise on the topics to be discussed, including when several Working Groups and Task Forces need to collaborate. She approves the agendas of the Working groups and Task forces from the Competition law perspective and can, from that perspective, request topics to be removed.

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 other relevant information) 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 external stakeholders), as appropriate.

- Title VII –

ECSDA Affiliates organisations (Affiliates)

Article 10. Description of Affiliate organisation profiles, rights, and financial arrangements

ECSDA Affiliates are any entity interested in the post-trade and CSD discussions (e.g. service providers, consultants, legal firms, etc.) that is admitted by the ECSDA Board.

ECSDA Affiliates can:

- Participate in the open part of the ECSDA Senior Council without voting rights,
- Make a presentation to the Senior Council,
- Have a reserved place at the ECSDA Conferences (other than the WFC Conference years), and have a discount for Conference sponsorship,
- Receive an invitation to all ECSDA webinars and informal cocktails.

ECSDA Affiliates pay a fee determined by the ECSDA General Meeting approving the annual accounts and deciding on the Budget for next year.

- Title VIII -

Financial Aspects

Article 11. 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 once a year.

All contributions are paid in Euro.

Contributions will be requested from all the members and affiliates of the Association whose membership/affiliateship is effective on 1 January for the corresponding calendar year.

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

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

When deciding on an organisation's suspension of the ECSDA membership/affiliateship, the ECSDA Board should stipulate the date from which it is effective.

Article 12. Authorisation of expenses and Power of signature

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

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

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

- Up to €5,000: the Secretary General, the Chairperson, the Vice-Chairpersons, 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 Association Officers (the Chairperson, a Vice-Chairperson, and/or the Treasurer) or a decision of the Board on a budget for a specific project or activity or an approved Association Policy.

12.3 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 preferably a business credit card for all his/her professional expenditures and those of the Secretariat employees. This card is used exclusively for ECSDA official expenses and is supported by appropriate documentation. If the employees have to make a payment in the exercise of their duties, they may request the reimbursement of such an expense in line with the relevant ECSDA Policy.

After the internal verifications of the monthly credit card statements against the appropriate supporting documents, a monthly expense report based on this statement is sent on behalf of the Secretary General to the Treasurer (and other Executive Officers in copy). 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.

12.4 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 and flexibility, and, to the extent possible, taking into account the ecological impact. 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 in line with the ECSDA Travel and Reimbursement of Expenses Policies.

Article 13. Bank account

A new bank account may be opened by the Treasurer or the Secretary General. Closing a bank account can be done either by the Treasurer with the prior approval of the Board or another Executive Officer, or by the Secretary General with the prior approval of the Treasurer.

Article 14. 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 proposes the amount of the annual contributions to be paid by members, that sufficient reserves (e.g. equal to 50% of current annual expenditure) are deposited with no less than two major banks, at least one of them established in Belgium.

Financial investment guidelines can only be authorised by the Treasurer or agreed upon by the Board, and implemented accordingly by the Secretary General. These must be without any speculative nature. The interest income is added to the annual income.

Article 15. 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.

- Title IX -

Professional liabilities

Article 16. Directors' Liability Insurance

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

- Title X – Miscellaneous

Article 17. Document retention

All major documents of the association, such as summaries of the Board and General Meetings, as well as annual accounts are kept by the Secretariat of the association for 10 years. Other documents, such as minutes and documents of Working Groups and Task Forces should be retained for a reasonable time at the appreciation of the Secretary General.

The personal information is retained in line with the General Data Protection Regulation.

ENCLOSURE – Membership fee calculation

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

- 1) The member's fees for full members are derived from dividing the remaining amount of the annual budget into seven (7) categories.
- 2) The membership fees for Associate members are divided into two (2) categories

The categories range from A to H for Full members and from I to G for Associate 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
4. the annual revenues

The ranking is based on the previous year and is announced by the Secretariat before the end of the year, at the latest.