

# RULES OF PROCEDURE

Approved by the Council of Regency on 20 February 2008

Latest amendments: 30 January 2019

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## Chapter I

### ACTIVITIES OF THE ORGANS

**Article 1.** - The Bank's organs are the governor, the Board of Directors, the Council of Regency, the Board of Censors, the Sanctions Committee and the Resolution College.

**Art. 2.** - The governor exercises his powers in accordance with the Organic Law, the Statutes and these Rules of Procedure.

He directs the Bank and its staff with the assistance of the directors.

He submits proposals to the Board of Directors on the allocation among its members of authority over the departments, services and units, and on the representation of the Bank in national and international organisations and institutions.

Without prejudice to the preceding paragraphs and Article 4, the governor exercises direct authority over the members of staff, whatever their grade or function.

**Art. 3.** - The King confers the title of vice-governor on one of the directors. The vice-governor replaces the governor if the latter is unable to perform his duties, without prejudice to Article 10.2 of the Statute of the ESCB.

**Art. 4.**

**§ 1.** The governor and the directors jointly exercise their powers as members of the Board of Directors. The Board of Directors is responsible for the administration and management of the Bank in accordance with the Organic Law, the Statutes and these Rules of Procedure.

The Board of Directors is chaired by the governor. In his absence, the vice-governor takes his place.

On the proposal of one of its members, the Board of Directors may invite one or more members of the Bank's staff, as well as one or more external experts, to attend all or part of a meeting. The invited persons do not participate in the decision-making process. If an invited member of staff or external expert has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Board of Directors, he or she shall inform the Board of Directors before the board takes a decision.

Unless it is unable to do so, the Board of Directors meets at least once a week. It also meets whenever deemed necessary by the governor, the vice-governor or two directors.

Taking account of the requests made by members of the Board of Directors, the secretary submits a proposal of the agenda with the items for discussion at least three calendar days before the meeting. The governor draws up the final agenda and may insert amendments with the agreement of the directors concerned, by no later than the day before the meeting. After that deadline, no further items may be added to the agenda except with the approval of the governor.

All documents intended to form the basis of decisions of the Board of Directors, and in particular notes from the services and departments concerning the items for discussion, are circulated to the directors at least two calendar days before the meeting, except in urgent cases.

The Board of Directors cannot take decisions unless the majority of its members are present. A Board member is deemed to be present if he/she physically attends the meeting or takes part in the meeting via voice telecommunications in real time. Except in urgent cases, no decision may be taken on items which are not entered on the agenda. Resolutions are passed by a majority of the votes cast. If the votes are evenly divided, the governor has the casting vote. If, in the governor's absence, the votes are evenly divided, the proposal is rejected.

The minutes of the meetings of the Board of Directors contain a brief mention of the matters discussed and the decisions taken. In cases of dissent, the directors may ask for the minutes to record their vote, with supporting reasons, or their opinion. Once the minutes have been approved, they are signed by the members present at the meeting to which the minutes relate. The secretary is responsible for keeping the minutes.

When drafting the minutes concerning prudential matters, the secretary is assisted by a member of the Legal Service who, for that purpose, attends meetings of the Board of Directors dealing with prudential matters. At meetings of the Board of Directors dealing with macro-prudential matters, the secretary, when drafting the minutes, is assisted by a member of the *Prudential policy and financial stability* Service. When drafting the minutes concerning other matters, the secretary is assisted by the General Secretariat Department.

**§ 2.** In duly reasoned urgent cases confirmed by the governor, the Board of Directors may, except when adopting regulations, decide by the written procedure or by using a system of voice telecommunication.

In order to take a decision by voice telecommunication, all members must be called by the governor or, in his absence, by the vice-governor. The decision is adopted by the majority of the votes, provided the voice telecommunication procedure enables the majority of the members of the Board of Directors to communicate in real time and to hold a collective discussion. Each member contacted may request the convening of a meeting of the Board of Directors or the application of the written procedure referred to in the following subsection.

In the case of the written procedure, the governor or, in his absence, the vice-governor submits the text of the draft decision by post with advice of receipt. The text may also be submitted by fax, electronic mail or any other written process. When these communication facilities are used, the technical confirmation of sending counts as proof of receipt. Moreover, each member is notified personally, preferably by telephone, of the sending of the communication. The communication mentions the time available to the members for submitting their written agreement to the proposal. During that period, each member may request an oral discussion of the draft decision via a voice telecommunication procedure, or may request the convening of a meeting of the Board of Directors. The proposal is approved by the Board of Directors if, within the period stated in the communication, all members have unanimously given their written approval.

Minutes are produced on all decisions taken by the procedures described in this paragraph.

**§ 3.** If a member of the Board of Directors has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision or transaction within the sphere of competence of the Board of Directors, he informs the other members before the Board deliberates. He does not attend discussions concerning that transaction or decision and does not take part in the voting. His declaration and the reasons underlying the conflicting interest are entered in the minutes of the meeting. The Board of Directors describes in the minutes the nature of the decision or transaction, justifies the decision taken and specifies the implications in terms of proprietary rights of that decision for the Bank. Those minutes are included in the management report for the year in question.

The director concerned also informs the auditor of his conflicting interest. The auditor's report must contain a separate description of the implications in terms of proprietary rights for the Bank resulting from Board of Directors decisions involving a conflicting interest within the meaning of the previous paragraph.

**§ 4.** The Board of Directors exercises in respect of its members the authorisation and derogation powers provided for by the Bank's code of conduct.

**Art. 5.**

**§ 1.** The Council of Regency discusses questions within its sphere of competence under the Organic Law, the Statutes and these Rules of Procedure.

It meets at least twenty times per year. In urgent cases, it holds an extraordinary meeting which is convened by the governor.

Council of Regency resolutions are passed in accordance with Article 31.1 of the Statutes. Any discussion may be postponed to the next meeting at the request of the majority of the members present. In that case, the author is nonetheless permitted to submit the proposal without waiting.

Minutes of the discussions of the Council of Regency are kept in accordance with Article 31.2 of the Statutes.

**§ 2.** In urgent cases confirmed by the governor, the Council of Regency may decide by the written procedure or by using a system of voice telecommunication.

In order to take a decision by voice telecommunication, all members must be called by the governor or, in his absence, by the vice-governor. The decision is adopted by the majority of the votes, provided the voice telecommunication procedure enables the majority of the members of the Council of Regency to communicate in real time and to hold a collective discussion. Each member contacted may request the convening of a meeting of the Council of Regency or the application of the written procedure referred to in the following subsection.

In the case of the written procedure, the governor or, in his absence, the vice-governor submits the text of the draft decision by post with advice of receipt. The text may also be submitted by fax, electronic mail or any other written process. When these communication facilities are used, the technical confirmation of sending counts as proof of receipt. Moreover, each member is notified personally, preferably by telephone, of the sending of the communication. The communication mentions the time available to the members for submitting their written agreement to the proposal. During that period, each member may request an oral discussion of the draft decision via a voice telecommunication procedure, or may request the convening of a meeting of the Council of Regency. The proposal is approved by the Council of Regency if, within the period stated in the communication, all members have unanimously given their written approval.

Minutes are produced on all decisions taken by the procedures described in this paragraph.

**§ 3.** In regard to the budget, including the patronage funds, the Council of Regency is assisted by the Budget Committee and the Special Fund Committee.

The Budget Committee has power to examine the Bank's budget before it is approved by the Council of Regency. It is chaired by a member of the Board of Censors and otherwise comprises three regents, two other censors, the representative of the Minister of Finance, and, in an advisory capacity, the director responsible for the Controlling department. This committee meets on a yearly basis. It may call on the General Secretariat Department to provide its secretariat.

The Special Fund Committee has the competence to examine the allocation of the Bank's Special Patronage Fund before it is approved by the Council of Regency. It is chaired by the governor and otherwise comprises two regents, two censors and one member of the Board of Directors. This committee meets on a yearly basis. It may call on the General Secretariat Department to provide its secretariat.

**§ 4.** In the performance of its duties in relation to remuneration and appointments, the Council of Regency is assisted by the Remuneration and Appointments Committee.

The Remuneration and Appointments Committee Regulations define the powers, composition and functioning of that committee.

**§ 5.** If a member of the Council of Regency has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Council of Regency, he informs the other members before the Council deliberates. He must not attend discussions concerning that decision, or take part in the voting.

**§ 6.** The regents do not effect, for their own account or on behalf of a third party, any transactions in shares of the Bank or financial instruments relating to those shares during the annual closed period of thirty calendar days before publication of the annual accounts. Outside of those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed *ad hoc* by the Board of Directors.

**Art. 6.**

**§ 1.** The Board of Censors exercises its duties as an audit committee and its supervisory duties in regard to the preparation and implementation of the budget in accordance with the provisions of the Organic Law, the Statutes and these Rules of Procedure, and ensures that there are no conflicts between these duties that hinder their proper execution. The additional rules of operation regarding the audit committee are set out in the *Audit Committee Regulations*.

The Board of Censors meets at least eight times per year and whenever necessary, in which case it is convened by the Chairman. The Board passes its resolutions in accordance with the provisions of Article 33 of the Statutes.

Minutes are kept of the deliberations of the Board of Censors. Once these have been approved, they are signed by the members present at the meeting to which the minutes relate. The minutes are forwarded to the Bank's secretary, either as a whole or in part, and communicated to the Board of Directors.

**§ 2.** The members of the Board of Censors do not effect, for their own account or on behalf of a third party, any transactions in shares of the Bank or financial instruments relating to those shares during the annual closed period of thirty calendar days before publication of the annual accounts. Outside of those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed *ad hoc* by the Board of Directors.

**Art. 7.** - The Sanctions Committee exercises its powers in accordance with the provisions of the law and the Rules of Procedure which it adopts in accordance with Article 36/8, § 8, of the Organic Law. Those Rules of Procedure describe its rules of operation and the rules on conduct applicable to its members.

The chairman of the Sanctions Committee exercises the powers of supervision over compliance with the Bank's code of conduct as described in that code.

The Bank provides the Sanctions Committee and its chairman with the staff and facilities required for the performance of their duties.

## Chapter II

### THE SECRETARY AND THE TREASURER

**Art. 8.** - The Secretary, appointed by the Council of Regency in accordance with Article 43 of the Statutes, draws up the minutes and the records of the meetings of the Board of Directors and of the Council of Regency. He draws up the minutes of the general meeting of shareholders and has them signed by the chairman of the general meeting, the scrutineers and the other members of the bureau. He certifies copies conforming to the original. He deals with changes to the Bank's Rules of Procedure.

**Art. 9.** - Under the Bank's internal control system based on the concept of three lines of defence, the Treasurer, appointed by the Council of Regency in accordance with Article 43 of the Statutes, carries secondary responsibility for the management of all financial risks.

### Chapter III

#### **ORGANISATION OF THE DEPARTMENTS, SERVICES AND OFFICES**

**Art. 10.** - The Board of Directors organises the head office in departments, services and units, specifying their functions. The resulting organisation chart is updated and published on the Bank's website.

On the proposal of the governor, the Board of Directors allocates authority over the departments, services and units among the directors. The directors arrange for the departments, services and units under their authority to execute the decisions taken by the organs within their respective spheres.

The departments comprise services, units and/or groups. The departments, services, units and groups are run respectively by their head of department, head of service, head of unit or head of group. These are responsible for the management of their department, service, unit or group and the implementation of the decisions taken by the organs.

The Board of Directors may set up standing interdepartmental working groups, deciding their terms of office, appointing their members and designating their chairman.

**Art. 11.** - The outside offices perform the tasks for which they have been given responsibility by the Board of Directors. These concern in particular decentralised operations coming under other departments or services, and local representation duties.

The office managers ensure the implementation of operating and security instructions and the maintenance of the building, equipment and furniture provided for the office. They inform the head office services without delay of any important facts concerning them.

The Board of Directors authorises one member of the staff of each office to replace the person in charge as his deputy. It also designates the persons whom the office manager may delegate to sign for him, in compliance with the rules.

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