

ISSA



International Securities Services Association

Articles of Association

June 2016

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International Securities Services Association ISSA

I. NAME, DOMICILE AND DURATION

Art. 1 Under the name *International Securities Services Association ISSA* exists an Association (Verein) in the sense of Art. 60-79 of the Swiss Civil Code. ISSA is an independent legal entity with legal capacity. It is governed by Swiss Law. The Association is domiciled in Zurich (Switzerland). Its duration is unlimited.

II. OBJECTIVES AND ACTIVITIES

Art. 2 The general objectives of the Association are:

- To actively contribute to developing solutions that improve the efficiency and promote best practices to mitigate risk within the securities services industry
- To strengthen international coordination and cooperation across the securities services industry
- To facilitate and stimulate active communication among securities services providers, regulators and other industry stakeholders

For this purpose, the Association may undertake specific activities such as:

- The organisation of the ISSA Symposium and other meetings and conferences
- The commissioning of working groups to deal with selected topics
- The interaction with other industry bodies
- The publication of information material
- The commenting on developments in the finance industry which are of special interest to securities services providers

III. MEMBERSHIP

Art. 3 Any of the following may become member of the Association: banks, central securities depositories, clearing organisations, recognised stock exchanges, recognised dealers in financial instruments, asset managers, pension funds, insurance companies, carriers of financial data, associations of professionals of the finance industry, and other categories subject to approval by the ISSA executive board.

Art. 4 Membership is subject to admission by the executive board. The executive board sets the rules for the membership.

Art. 5 Membership is subject to an annual fee, set annually by the executive board. It is payable within the time frame referred to in the invoice. Members joining the Association during the financial year pay a pro-rata fee for the respective year. The membership fee is used to finance activities in line with the general objectives of the Association.

Art. 6 Members may terminate their membership as per the end of the financial year by giving notice to the secretariat in writing.

Art. 7 The executive board may terminate memberships at any time without reasons being given.

Art. 8 Membership is lost when the respective institution fails to pay its annual membership fee, despite having been reminded to do so at least once, by the end of the calendar year.

Art. 9 Members are expected to actively promote the objectives of the Association. In particular, they should provide their ideas and professional know-how to further the success of the Association's activities. Upon request, members are expected to supply information and data to support ISSA's initiatives or publications, to actively participate in events organised by the Association and to act as interface between the Association and other members of the securities industry in their countries.

IV. SPONSORSHIP

- Art. 10 Sponsorship is subject to invitation by the executive board. Each sponsor organisation is also a member.
- Art. 11 Each sponsor has the right to delegate one representative into the executive board. The names and/or logos of the sponsors can appear on all publications.
- Art. 12 The sponsors share a significant portion of the annual budget. The costs for special activities and events like the ISSA Symposium will be divided in accordance with a decision by the executive board on a case by case basis.
- Art. 13 The sponsors are expected to enrich the discussions within the executive board by providing ideas and professional know-how to improve the value of the activities of the Association, in line with its general objectives. They are also expected to delegate specialist resources into the operating committee and the working groups.
- Art. 14 Sponsors may terminate their sponsorship as per the end of a financial year by giving three months' notice to the executive board in writing.
- Art. 15 The executive board may terminate a sponsorship as per the end of a financial year by giving three months' notice to the sponsor organisation.

V. ORGANISATION

- Art. 16 The corporate bodies of the Association are
- the general meeting
 - the executive board
 - the ceo office
 - the operating committee
 - the secretariat

The official language of the Association is English.

VI. THE GENERAL MEETING

- Art. 17 The general meeting is the supreme body of the Association. It consists of the voting delegates representing the membership and is guided by the chairman or the vice chairman. Secretariat staff and other guests may attend the general meeting but have no voting right.
- Art. 18 It is the responsibility of the general meeting to guide the activities of the Association. All authority for decisions in principal matters resides with the general meeting unless otherwise stated in these Articles of Association or explicitly delegated by this body. The general meeting has the control of the other corporate bodies of the Association.
- Art. 19 The general meeting is held at each ISSA Symposium, normally every two years. Moreover, it may be summoned at any time with no less than two months' notice on demand by one-fifth of the members, stating the agenda.
- Art. 20 Elections and votes may take place at the general meeting or, upon decision of the executive board, through formal ballot either by written notice or by electronic mail (eMail).
- Art. 21 It is the right of each member to submit motions for voting to the executive board.
- Art. 22 Each delegate has one vote. Proxy voting is not allowed.
- Art. 23 Any motion to amend the Articles of Association requires a two-thirds majority of the votes cast.
- Art. 24 Any other motion is approved if accepted by a simple majority of the votes cast. It is rejected when a simple majority has not been reached or in case of a tie, subject to the regulation defined in Article 50 of the Articles of Association concerning the termination of the Association.
- Art. 25 Any motion that has not been submitted to the members fourteen days before the start of a general meeting may be deferred to the next meeting, unless admitted by the executive board.

VII. THE EXECUTIVE BOARD

- Art. 26 The executive board comprises one representative of each sponsor organisation, the chief executive officer (ceo), the secretary and the chair of the operating committee. The ceo, the secretary and the chair of the operating committee are ex-officio board members.
- Art. 27 The executive board is headed by the chairman who is representing a sponsor organisation. He is elected for a period of two years by the remaining board members, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
The executive board also elects from within its ranks a vice chairman, representing a sponsor organisation, for a period of two years, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
The chairman signs collectively together with the vice chairman or the ceo or the secretary. In absence of the chairman, the vice chairman signs collectively with the ceo or the secretary.
- Art. 28 The members of the executive board representing the sponsor organisations are appointed for an indefinite period, but may be replaced by the respective organisation at any time. The nominations are confirmed at the general meeting or, upon decision of the executive board, through formal ballot either by written notice or by electronic mail (e-Mail).
- Art. 29 A board membership is terminated if a board member gives written notice of resignation, or is no longer associated with a sponsor organisation, or in case of terminations according to Art. 14 and 15, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
- Art. 30 The executive board has ultimate responsibility for the management of the Association and the supervision and control of its executive management.
The ultimate responsibility for the management of the Association comprises in particular:
a) Preparing of and deciding on proposals to be placed before the general meeting
b) Issuing the regulations necessary (terms of reference) for the conduct of business and for the delineation of authority between the bodies
c) Decisions on the strategy of the Association and on work items to be dealt with in specific working groups
d) Appointment and removal of (i) the chief executive officer, (ii) the secretary, (iii) the chairman of the operating committee
e) Appointment of the board member who acts as the auditor of the financial statements
f) Determination of the remuneration of the chief executive officer and the secretary
g) Determination of the membership fee.
Supervision and control of the management of the Association comprises in particular the following:
a) Review and acceptance of the business plan, the financial and the audit statements
b) Acceptance of regular reports covering the course of business and the position of the Association.
In addition, the executive board may organise other activities without the specific approval of the general meeting as long as the objectives of ISSA and the Articles of Association are respected.
- Art. 31 The executive board reports to the general meeting and informs the absent members as appropriate on decisions and actions taken.
- Art. 32 The members of the executive board meet at least twice per year. A quorum of the executive board consists of at least half of its members. As a general rule, a motion is approved if accepted by a simple majority of those present and rejected when a simple majority has not been reached or in case of a tie. Each board member has one vote.
Certain agenda items may require a full vote of the executive board, whereby an abstention is then not allowed. Such full vote may be requested by the chairman and/or the CEO office prior to a board meeting. In this case, the votes are to be solicited from the non-attending board members before the meeting. In case a simple majority of those executive board members present at a meeting (one or more executive board members not being present) requests a full vote, the voting will either take place by means of a written ballot after the meeting or the motion will be adjourned to the next board meeting. Also in these cases a motion is approved if accepted by a simple majority and rejected when a simple majority has not been reached or in case of a tie.

VIII. The CEO OFFICE

- Art. 33 The ceo office is composed of the chief executive officer and the secretary of the Association. It is responsible for the management of the Association according to the terms of reference. The ceo signs collectively together with the secretary or the chairman or the vice chairman.
- Art. 34 The ceo and the secretary are appointed for an indefinite period by the executive board. They are ex-officio members of the executive board, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
- Art. 35 The ceo office reports to the executive board and informs the absent members as appropriate on decisions and actions taken.
- Art. 36 The ceo office has the authority to appoint committees for special tasks and to issue guidelines for governing these appointments. Membership on such committees is not limited to members only. The ceo office may issue guidelines governing the appointment to and the terms of reference of such committees.

IX. THE OPERATING COMMITTEE

- Art. 37 The operating committee comprises one representative of each sponsor organisation. The ceo office may nominate other ISSA members as members of the operating committee.
- Art. 38 The operating committee is headed by chairman and a vice chairman who are appointed by the executive board for a period of two years. Only the operating committee chairman is an ex-officio member of the executive board, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
The operating committee chairman / vice chairman should work for different organizations than the board chairman / vice chairman.
The 2-year rotation should not coincide with the board chairmanship rotation.
- Art. 39 The members of the operating committee are appointed for an indefinite time, but may be replaced by the respective sponsor organisation at any time.
- Art. 40 An operating committee membership is terminated if a member gives written notice of resignation, or is no longer associated with a sponsor organisation, or if a sponsor organisation ceases to be a sponsor, subject to the regulations defined in Art. 65 §2 of the Swiss Civil Code.
- Art. 41 The operating committee supports the ceo office in the organisation and co-ordination of all established activities of the Association as stipulated in the terms of reference.
- Art. 42 The members of the operating committee meet as needed either physically or by phone conference, at least twice per year, to discuss and monitor the activities delegated to the operating committee by the executive board.

X. THE SECRETARIAT

- Art. 43 The corporate administration (daily business) of the Association is carried out by the secretariat as stipulated in the terms of reference. For tasks in connection with the corporate administration of the Association, secretariat staff signs collectively together with the ceo or the secretary.
- Art. 44 The secretariat is headed by the secretary. He signs collectively with the ceo or the chairman or the vice chairman for all activities of the Association.

XI. FINANCES

- Art. 45 The Association is a non-profit organisation. Its income consists of:
- Sponsor contributions
 - Membership dues
 - Earnings from publications
 - Earnings from activities.

- Art. 46 All financial matters of the Association are conducted by the secretariat under the supervision of the secretary and audited annually by an executive board member.
- Art. 47 The financial year of the Association corresponds with the calendar year. Its books are kept in Swiss Francs.
- Art. 48 Income of the Association may be used to cover the costs of ISSA related events, the promotion or representation of the Association, the production and distribution of publications, expenses connected with other activities in line with its general objectives, and with maintaining its secretariat. The ceo and the secretary are compensated according to a separate consulting agreement with the Association.
Expenses incurred by members of the executive board (rule for the ceo and the secretary see above), by members of the operating committee and other members shall as a rule be met by the organisations/individuals concerned. In exceptional cases, the chairman may decide otherwise. The secretariat issues guidelines for the reimbursement of expenses.
- Art. 49 Debit balances must not exceed Swiss Francs 100'000 without executive board approval. .

XII. TERMINATION OF THE ASSOCIATION

- Art. 50 Through a written ballot in which at least three quarters of all votes are cast the membership can at any time resolve the termination of the Association with a two thirds majority.
- Art. 51 Any net surplus of funds remaining after liquidation will be distributed equally between the sponsor organisations.

Zurich, June 30, 2016

The President:

The Secretary:

Thomas Zeeb

Urs Stähli

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- The present text is a translation of the original German Articles of Association (Statuten) which constitute the definitive text and are binding in law.
 - The authors of these Articles of Association ask for the understanding that gender-conscious notation had to be abandoned for the sake of easy readability.