

## **ARTICLES OF ASSOCIATION**



### **Association of the Luxembourg Fund Industry (ALFI)<sup>1</sup> a.s.b.l.**

#### **PREAMBLE**

ALFI's mission is to lead industry efforts to make Luxembourg the most attractive international centre for investment funds.

Derived from this mission, ALFI's main objectives are to:

- Help members capitalise on industry trends
- Shape Regulation
- Encourage professionalism, integrity, quality and investor protection
- Promote the Luxembourg investment fund industry

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<sup>1</sup> Association Luxembourgeoise de l'industrie des Fonds d'Investissement (ALFI).

**CHAPTER 1      NAME - PURPOSE - REGISTERED OFFICE –  
TERM -FISCAL YEAR**

Article 1 - Name

The Association exists under the name: Association of the Luxembourg Fund Industry ("ALFI").

ALFI is a non-profit-making association set up in Luxembourg and governed by Luxembourg law.

Article 2 – Purpose

The purpose of ALFI is to promote and defend the interests of its members, as defined in article 7A.

ALFI represents its members with Luxembourg, foreign and supranational authorities and entities and contributes to the promotion of Luxembourg's financial centre.

Article 3 – Registered office

The Association's registered office is located in Luxembourg.

Article 4 – Term

The Association's term is unlimited.

Article 5 – Fiscal year

Each fiscal year runs from 1 January until 31 December.

## **CHAPTER 2 MEMBERS**

### Article 6 – Number

The number of members is unlimited. There must be at least 7 members.

### Article 7 - Eligibility

A. The following may be **full** members, provided that they are established and authorised to carry out their activities in Luxembourg, and regardless of their legal form:

- 1) Undertakings for Collective Investment and other investment vehicles whose initiator complies with the eligibility criteria detailed in the Association's Internal Rules of Procedure;
- 2) Providers of services to the Luxembourg collective investment management industry, such as but not limited to:
  - banks or credit institutions;
  - fund and asset management companies who comply with the eligibility criteria detailed in the Association's Internal Rules of Procedure
  - investment managers and investment advisers;
  - other professionals of the financial sector;
  - independent auditors;
  - legal advisors;
  - other service providers offering specialized services to the fund and asset management industry.

B. The following may be **associate** members:

Fund industry players established abroad, provided that they offer services to full members

C. **Individuals** may be members, provided that they:

- Are sponsored by two non-related full members (including investment fund members)
- Are professionally active in the fund industry, with connectivity to Luxembourg

- Are not an employee, partner or owner of an existing or potential ALFI full or associate member (i.e. UCI, Management company, Law Firm, Bank, Central Administration, Audit etc) with more than one employee
- Have no criminal record
- Have been imposed no significant administrative fine or other sanction from any regulatory agency.

In addition, Individuals who are Independent Non-Executive Directors must have at least one of their mandates with a full or Associate member of ALFI.

**Detailed rules on membership eligibility criteria for the different categories of members are contained in the Association's Internal Rules of Procedure.**

#### Article 8 – Admission, rights and obligations

Candidates for membership that undertake to comply with ALFI's articles of association, rules of procedures and ethical rules of the profession become members if approved by the Board of Directors. The Board may approve or reject candidates. Decisions by the Board do not need to be justified. If an applicant is rejected, it may refer its application to the General Meeting, which shall take a definitive decision.

The members undertake to provide the General Secretariat with all non-confidential statistical data whose collection the Board of Directors deems useful to the carrying out of its mission.

All members are entitled to attend the General Meetings, to be informed, as appropriate, of the work of the Technical Committees and, in general, to receive all ALFI publications. Conditions relating to the access to Technical Committees and working documents are detailed in the Association's Internal Rules of Procedure.

In exceptional cases, non-paying members can be accepted, subject to a decision by the Board.

However, associate members do not participate in the decisions of the Association's governing bodies and are not taken into account in determining the majority and quorum conditions stipulated in these articles of association or by the law. Only full members and individual members have the right to vote.

Article 9 – Resignation and expulsion

Any member may resign as member by notifying the General Secretariat in writing.

A member that no longer satisfies the eligibility conditions automatically loses its status as member.

A member that has not paid its contribution within a delay of three months after a first reminder sent by registered mail is automatically considered as having resigned.

The General Meeting may exclude an ALFI member for serious grounds, based on a proposal by the Board of Directors.

The resigning or expelled member and its beneficiaries do not have any right on the Association's own funds. It cannot demand the reimbursement of contributions paid.

**CHAPTER 3      GENERAL MEETING**

Article 10 – Notice of meetings

The General Meeting shall meet as often as required by the Association's interests, as convened by the Board of Directors, which must convene the General Meeting when one-fifth of the full members so request.

The annual General Meeting meets within six months of the close of the fiscal year.

The General Meeting may be held at a distance via electronic means allowing the identification of members.

Notices of meeting containing the agenda must be sent to the members by normal or electronic mail at least 15 days prior to the General Meeting, except in an emergency situation.

The General Meeting is chaired by the Chairman of the Association or, in his absence, by one of the Vice Chairmen.

Article 11 – Powers

The General Meeting:

- Elects the Board of Directors
- Approves the annual accounts

- Approves the annual budget
- Decides the annual contributions per membership category, including the maximum annual contributions to be paid by the membership
- Adopts the Articles of Association and approves any proposed modifications thereto
- Expels members, in those circumstances stipulated in these Articles of Association
- Adopts the Association's ethical rules as proposed by the Board of Directors
- Decides on all matters referred to it by the Board of Directors
- Adopts detailed internal rules of procedure, upon proposal by the Board of Directors.

The General Meeting's decisions are taken based on the quorum and majority conditions stipulated by the law. They are included in minutes that may be consulted by each of the members at the Association's registered office.

#### Article 12 – Voting right

A) **Full and individual members** each have a voting right that is proportional to the contributions paid for the year in progress.

Any full or individual member unable to attend a vote may be represented by another full or individual member duly authorised in writing for this purpose.

Members who have not paid their contribution 15 days prior to the General Meeting shall be deprived of their voting right, unless they provide justification that is accepted by the vote tellers.

In the cases stipulated in articles 8, 9 and 13, or when the Chairman or one-fifth of the full and individual members present or represented at the General Meeting so request, or if the General Meeting is held at a distance, the vote shall take place by secret ballot.

Subject to legal provisions, all decisions are taken on a simple majority of the votes present or represented. If the General meeting is held at a distance, members participating in the decision-making will be deemed present for the calculation of the applicable quorum and majority requirements.

B) **Associate members** cannot vote during votes that take place in the General Meetings.

#### **CHAPTER 4 BOARD OF DIRECTORS AND CHAIRMANSHIP**

##### Article 13 –Eligibility, election and operation of the Board of Directors

1) The Board of Directors is comprised of between 7 and 24 members.

The members of the Board of Directors are elected by the General Meeting. If the number of candidates does not exceed the number of available positions, the Chairman may hold a vote by a show of hands. If the number of candidates does exceed the number of available positions, or if the General Meeting during which the vote takes place is held at a distance, the members are elected by secret ballot, and the voting members must vote at least 7 candidates, failing which the vote is invalid.

Individuals are eligible if (i) they are employed and proposed by a full member established in Luxembourg, (ii) they have been exercising a senior management role in Luxembourg in the collective investment management industry, and (iii) they demonstrate their availability and commitment to properly carry out their functions as directors.

In very exceptional circumstances, the Board of Directors may accept candidatures from individuals that are not exercising a senior management role in Luxembourg, provided these individuals demonstrate their active involvement at a senior management level in the Luxembourg collective investment management industry.

No fund initiator or industry player can be represented by more than one of its executive managers on the Board of Directors.

Observers may be invited to attend Board meetings.

In any case, candidatures must be approved by the Board of Directors.

2) Directors are elected for a period of 2 years. In principle they can be re-elected only a maximum of four times on a consecutive basis.

In the event that one of its members resigns or dies, the other Board members may replace said member until the next General Meeting. Co-option must be ratified by the next General Meeting.

3)The Board elects from among its members the Chairman of ALFI, two Vice Chairmen and a Treasurer.

During the first meeting of a newly elected Board, which shall be convened and chaired by the outgoing Chairman or, in his absence, by the oldest outgoing Vice Chairman or the oldest of the newly elected members, the Board elects from among its members the new Chairman. The two Vice Chairmen and the Treasurer shall be elected during a subsequent meeting.

In principle, a director cannot hold the office of Chairman, Vice Chairman or Treasurer for more than two consecutive terms. In case the Chairman, Vice Chairman or Treasurer is reaching his 5<sup>th</sup> term as member of the Board at the end of his current mandate, he can be candidate for one additional term in order to be able to serve as Chairman, Vice Chairman or Treasurer for a second mandate.

4)The Board of Directors shall meet when convened by the Chairman or at the request of at least two Directors. It is duly constituted if the majority of its members are present or represented. Meetings of the Board of Directors may be held at a distance by video conference or other telecommunication means. In such case members who participate in decision-making will be deemed present for the calculation of the applicable quorum and majority requirements.

Proxies may only be given to other members of the Board of Directors. A director may represent more than one colleague by proxy.

Each member of the Board of Directors has one vote during decisions. In the case of a tie vote, the Chairman's vote shall be decisive.

In case of emergency decisions can be taken by the Board via circular resolution.

#### Article 14 – Powers

The Board of Directors manages the Association's affairs and represents it in all judicial and extra-judicial acts.

The Board of Directors

- Recommends an auditor to the General Meeting
- Submits an annual budget to the General Meeting

- Proposes to the General Meeting the constitution and maintenance of reserves and modifications to the annual contributions, based on the principles set out in chapter 8 of these articles of association.

Decides on a possible temporary lowering of annual contributions in accordance with the control mechanism detailed in the Association's Internal Rules of Procedure and informs the General Meeting of such decision.

The Board of Directors may delegate day-to-day powers to the Executive Committee and to the General Secretariat as shall be determined by the Board within the limits set forth in these articles. The Board may further decide to create other Committees within or outside the Board with strategic, advisory, governance, coordinating or other missions and entrust them with such powers and missions as the Board deems fit.

The Board shall propose to the General Meeting detailed internal rules of procedure for the proper functioning of the Association. Such rules shall be made public to the members of the Association in the manner determined by the Board of Directors.

The Association will be bound by the joint signatures of the Chairman and one of the Vice Chairmen or the Treasurer or by any other persons designated by the Board of Directors. Detailed signing powers will be published in an appropriate manner.

## **CHAPTER 5                    EXECUTIVE COMMITTEE**

### Article 15 – Composition and functioning

The members of the Executive Committee are appointed by the Board of Directors and comprise at a minimum the Chairman of ALFI, the two Vice Chairmen, the Treasurer and the Management.

The functioning of the Executive Committee is detailed in the Association's internal rules of procedure. The Executive Committee's meetings can be held at a distance by video conference or other telecommunication means. Decisions of the Executive Committee shall only be valid if at least half of its members are present or represented. Each member has one vote. Its decisions are taken based on a majority of members present or represented. In the case of a tie, the Chairman's vote shall be decisive. Members who participate in decision-making in meetings at a distance will be deemed present for the calculation of the applicable quorum and majority requirements

A member of the Executive Committee may represent more than one member. Only members of the Executive Committee may receive a proxy.

The decisions of the Executive Committee must be communicated in a timely manner to the Board of Directors by the General Secretariat.

## **CHAPTER 6            GENERAL SECRETARIAT**

### Article 16 – Role of the General Secretariat

The Board of Directors and the Executive Committee shall be assisted by a General Secretariat which shall exercise such administrative and other tasks and functions as determined by the Board.

The General Secretariat shall be led by a Management team composed of the Director General, the Deputy Director General, the Directors and one or several managers. The Director General, the Deputy Director General and the Directors are appointed by the Board of Directors.

The Board of Directors may authorise the General Secretariat to represent the Association with national, international and supranational associations or other entities.

The General Secretariat shall ensure the smooth functioning of the governing bodies, of the Technical Committees and of the other working groups. It shall act as the Association's liaison with its members and the other national and international associations and entities.

## **CHAPTER 7            TECHNICAL COMMITTEES**

### Article 17    Creation and operation of the Technical Committees

The Board of Directors may decide on the creation or dissolution of one or more Technical Committees and other working groups and forums, herein referred to as Technical Committees.

In general, only representatives of full members may chair the Technical Committees.

Positions and guidelines drawn up by Technical Committees shall be approved by the Board of Directors, which may delegate such approval to

the Executive Committee or to any other Committee in the manner determined by the Board.

The procedures, rules of functioning and missions of the Technical Committees are laid down in the Association's Rules of Procedure.

## **CHAPTER 8                    BUDGET AND CONTRIBUTIONS**

### Article 18- Budget

The General Meeting shall adopt the budget of expenses and revenues each year and may authorise the constitution and maintenance of reserves, based on a proposal by the Board of Directors.

If the Association is dissolved, its funds shall be allocated to the vocational training of the Luxembourg fund industry.

Offices held with the Association's governing bodies, committees and working groups do not entail a right to compensation.

### Article 19 – Annual contributions

The annual contributions are determined on the basis of the annual budget approved by the General Meeting, and, if applicable, take account of the need to maintain reserves decided by the Board of Directors, pursuant to the previous article, and as a function of the following parameters:

A) The full members referred to in article 7 A.1) pay a variable annual contribution based on their net assets and the number of sub-funds.

The variable contributions are calculated on the basis of net assets (amount in Euro by tranche of net assets) and/or the number of funds, respectively of sub-funds, (amount in Euro per fund, respectively per sub-fund administered) at 31 December of the year prior to the year in progress. They are approved by the annual General Meeting based on a proposal by the Board of Directors, which determines the tranches of net assets and the amount per tranche and per sub-fund.

The Board of Directors may suggest a maximum to the annual variable contribution, which however may not exceed Euro 130,000. This maximum must be approved by the annual General Meeting.

If, pursuant to the above provisions, total variable annual contributions to be paid by the member funds from a single initiator exceed Euro 130,000, this total shall be reduced to Euro 130,000.

B) The full members referred to in article 7A.2), the associate members referred to in article 7B and the individual members referred to in article 7C pay a fixed annual contribution. The full members' contribution is based on the number of staff they employ. For the purpose of calculating the contribution, each full member shall communicate to the General Secretariat upon request its number of employees (the term "employees" is defined in the Association's Internal Rules of Procedure).

The contribution is approved by the annual General Meeting based on a proposal by the Board of Directors.

The fixed annual contribution may not exceed Euro 20,000 .

The Board of Directors may decide on a possible temporary lowering of annual contributions in accordance with the control mechanism detailed in the Association's Internal Rules of Procedure. In such case the General Meeting is informed of and acknowledges the Board of Directors' decision.

## ***CHAPTER 9 MISCELLANEOUS***

### **Article 20 – Applicable law and prevailing language**

For all circumstances not provided for by these articles of association, the Act of 21 April 1928 concerning non-profit-making associations and public utilities, as amended, shall apply. The governing language of these articles shall be English. There shall be a French and a German translation but, in case of discrepancies between the English and the French or the German text, the English text shall prevail.