



“Covered Bond Label” Private Foundation

Rue de la Science 14, B-1040 Brussels, Belgium

INTERNAL REGULATION – 8 SEPTEMBER 2015

1. Principle

- The establishment and modification of the Covered Bond Label Foundation’s Internal Regulation resorts to the competence of the Covered Bond Label Committee, hereby referred to as “the Label Committee”.
- Any changes proposed will be submitted to the Label Advisory Council, hereby referred to as “the Advisory Council”, for approval.
- The Internal Regulation is designed to elaborate on the principles established in the Foundation’s Statutes and to provide the detailed rules on the Foundation’s functioning.
- The “Covered Bond & Mortgage Council (CBMC)” Statutes & Internal Regulations (please [see Annex](#)) are applicable for all issues that are not directly covered by the present Revised Internal Regulation or the Covered Bond Label Statutes, hereby referred to as “the Revised Statutes”.

2. Administrative Bodies

2.1 Label Committee (see Articles 5.1, 5.2, 5.3, 5.4 and 5.5 of the Revised Statutes)

- At the end of each two-year mandate, the Label Committee will nominate the administrators of the Committee from a list of candidates submitted by the ECBC Steering Committee. This list will include the list of deputies chosen by the candidates.
- In considering the Label Committee’s composition, the outgoing Committee should take into account the personal competence and commitment of the candidates for administrators as well as the different national covered bond models and the size of the market in each country. As far as the different non-issuer market participants are concerned, in proposing candidates for administrator of the Label Committee, the same criteria of the personal competence and commitment of the candidates shall be considered, together with a view to ensuring a diversity of representation.
- Appointment process:
 - The Secretariat will write to the Chairman of the ECBC Steering Committee in advance of the expiry of the Label Committee’s two-year mandate requesting the list of candidates established by the Steering Committee from which the Label Committee shall nominate its members for the next two-year term;
 - Candidatures received by the stated deadline shall then be submitted to the Label Committee for discussion at the latest during its last annual meeting, taking into account the criteria set



out above. Based on the outcome of this discussion, the Committee shall then nominate the members for the next mandate.

- If an administrator of the Label Committee leaves the institution he/she has been representing, his/her membership of the Label Committee ends automatically. In this or any other case in which a member of the Committee gives up his/her seat, the Label Committee shall appoint the departing member's deputy, if previously named and subject to his/her fulfilling the criteria set out above, as their replacement for the remainder of the current mandate. If no deputy has been named or if the named deputy does not fulfill the criteria set out above, the Label Committee will choose another candidate based on a list to be proposed by the ECBC Steering Committee.
- An administrator who fails to attend three consecutive meetings of the Label Committee (and who is not represented by his/her deputy) will be excluded from the Label Committee and their seat is considered vacant.
- The Label Committee shall in principle meet on the same day as the meeting of the ECBC Steering Committee and adopt decisions as to the Covered Bond Label's general policy; its responsibilities are as follows:
 - To update and implement the Covered Bond Label Convention;
 - To update and implement the procedures for the labelling process, including the withdrawal and appeal procedures;
 - To appoint the members of the Label Committee, including the Label Chairman and Deputy Chairman, and the members of the Advisory Council;
 - To keep proper books of account, to have them audited by duly qualified practicing accountants and to receive the audited accounts of the Covered Bond Label within five months after the end of each financial year;
 - To agree on an investment policy for the Covered Bond Label reserves if relevant;
 - To convene meetings of the Advisory Council on an ad hoc basis;
 - To publish an annual report on the Label activities.

2.2 Advisory Council (see Article 5.6 of the Revised Statutes)

- The Advisory Council's process of selection shall be as follows:
 - The members of the Advisory Council will be appointed by the Label Committee for a two-year mandate with the aim of providing advice to the Label Committee on specific issues.
 - The Secretariat will write to invite candidatures from the membership basis as identified in the statutes in advance of the expiry of the Advisory Council two-year mandate. The candidatures received will then be submitted to the Label Committee which will appoint the members of the Advisory Council for the next two-year term.
- The Advisory Council shall meet at least once a year, insofar as possible upon the occasion of the September meeting of the ECBC Plenary. The Advisory Council will not be headed by a chairman; instead, its meetings will be moderated by the Label Secretariat. The Label Committee Chairman and/or Deputy Chairman are members by right of all the Council meetings.
- The meetings of the Advisory Council shall be convened by the Label Secretariat.

2.3 Label Secretariat (see Article 7 "Day-to-Day Management" of the Revised Statutes)

- The Label Secretariat is responsible for:



- The day-to-day management of the Covered Bond Label Foundation;
- The management of the practical aspects of the labelling process, including the review of the applications for manifest errors;
- The liaison with national authorities;
- The publication and maintenance of a list of labelled programmes / individual issuances and links to issuer transparency information;
- The operation of the Label's IT infrastructure and its website;
- The organisation of the accountancy and annual auditing of the activities of the Covered Bond Label Foundation; and
- The reporting to the Label Committee.

Annex: [CBMC Statutes & Internal Regulations \(Agreed June 2014\)](#)

[Article 8.2 - ECBC Steering Committee Guidelines](#)

8.2 The ECBC Steering Committee

8.2.1 Functions

- a) The ECBC Steering Committee is responsible for the activities of the Council that relate to the funding side of the mortgage credit industry. It shall have all powers necessary to carry out its objectives.
- b) The ECBC Steering Committee may delegate to the ECBC Chairman and the Secretary General specified powers, even if these powers are reserved to it by the present Statutes.
- c) It is responsible for the establishment of the ECBC technical committees, which are to deal with the technical aspects of the policy files in the field of mortgage credit funding, and shares responsibility for the establishment of joint EMF-ECBC technical committees.

8.2.2 Composition

- a) The ECBC Steering Committee will comprise a maximum of 15 members, including the Chairman and the Deputy Chairman, of which 11 will be representatives nominated by the 11 biggest covered bond national markets in Europe. The 4 remaining seats will be allocated to Investment Banks on the basis of a rotation principle.
- b) Members of the ECBC Steering Committee are appointed for a renewable two-year term of office, normally starting on the 1st of January of the following year. Each appointed member may name a deputy who will substitute for him as needs be. If a member is replaced during the course of his mandate, his deputy/successor will complete his two- year term. The appointment of members of the ECBC Steering Committee will be endorsed by the General Assembly.

8.2.3 Voting Rights

- a) The ECBC Steering Committee's decisions shall be taken by simple majority of members present or represented provided that a minimum of 50% of the members are present or represented.
- b) Each member has one vote. Members are not allowed to carry more than one proxy.
- c) The issuer representatives coordinate themselves with the other ECBC members of the same nationality so as to express a national market vote.
- d) In the event of equality of votes, the Chairman shall have a casting vote.

8.2.4 Meeting and Convening

The ECBC Steering Committee will meet at least twice per year and will be convened by the ECBC Chairman. Notices convening meetings of the ECBC Steering Committee will be issued by the Secretariat and will be communicated by e-mail or by any other means of communication. The ECBC Steering Committee shall meet legitimately either in person, via conference call, via video conferencing or via written procedure (subject to the provisions of the Law).