



**“Covered Bond Label”  
Private Foundation  
Rue de la Science 14, 2<sup>nd</sup> Floor, B-1040 Brussels, Belgium**

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**STATUTES – 8 SEPTEMBER 2015**

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**Article 1. Denomination**

The private foundation takes the name of “Covered Bond Label”, hereafter referred to as “the Foundation”.

**Article 2. Headquarters**

- 2.1. The Headquarters of the Foundation are located at Rue de la Science 14, 2<sup>nd</sup> Floor, B-1040 Brussels, Belgium.
- 2.2. The Headquarters may be transferred to any other place in the Brussels Capital area by simple decision of the Label Committee, published within the month following the decision in the annex of the Moniteur Belge.

Moreover, the Foundation may open one or several offices or branches in Belgium or abroad by simple decision of the Label Committee, published within the month following the decision in the annex of the Moniteur Belge.

**Article 3. Objective**

The objective of the Foundation is as follows:

- 3.1. The promotion of the security and quality of “covered bonds” with investors, as well as to further enhance recognition of and trust in the covered bond asset class.
- 3.2. The maintenance and further development of the existing high standards of the asset class in a changing environment.
- 3.3. The promotion of liquidity and the strengthening of activity in the secondary market for “covered bonds”.

**Article 4. Mission**

4.1. The activities that the Foundation may undertake with a view to achieving its objective are as follows:

- Taking into account, notably, the Law dated the 3<sup>rd</sup> of August 2012 establishing a legal regime for Belgian Covered Bonds, through the establishment of the Label Convention, the definition of the essential features that characterise the asset class, i.e. the features necessary for a product to qualify as a “Covered Bond”;



- The enhancement of the regulatory recognition of and trust in the “Covered Bond” asset class, realised by way of proposing to market stakeholders, the European Institutions and other entities an alternative industry toolbox; and
- The improvement of access to relevant and transparent “Covered Bond” information for investors, regulators and other market participants via a comprehensive information technology infrastructure.

Within the limits authorised by the Law, the Foundation may undertake commercial activities which indirectly serve to meet its objectives. Equally, it may encourage, support, stimulate, organise, assist, collaborate or participate in all activities, works or institutions which share identical or similar objectives.

## **Article 5. Administration**

### **5.1 Label Committee - Composition**

- 5.1.1. The Administrators are natural persons chosen by the Label Committee from a list of candidates proposed by the “European Covered Bond Council” Steering Committee, which itself exists within the International Non-Profit Association “Covered Bond & Mortgage Council” (CBMC).
- 5.1.2. At the time of their nomination, the Administrators may appoint a proxy accepted by the Label Committee to deputise for them on an ad hoc basis in the case of their unavailability. In addition, Deputy Administrators may be elected in the same way to complete the mandate of a serving Administrator in the case where the latter leaves his/her post before the end of his/her mandate.
- 5.1.3. There will be no less than three (3) minimum and no more than twenty (20) maximum Administrators.
- 5.1.4. They are elected for a renewable mandate of two years.
- 5.1.5. The Foundation’s Internal Regulations may elaborate on the implementation of these rules.

### **5.2 Label Committee - Competencies**

- 5.2.1 The Label Committee has the power to undertake all of the activities necessary or useful for the achievement of the Foundation’s objectives.
- 5.2.2 The Label Committee requests the advice of the Advisory Council and acknowledges its recommendations or conclusions.
- 5.2.3 It will establish the annual accounts of the Foundation for the previous financial year and the budget for the next financial year, and determine the level of the fee.
- 5.2.4 It nominates and revokes the mandates of the Administrators who constitute the Label Committee, approves the Foundation’s annual accounts and may decide to challenge the contractual responsibility of an Administrator who would have committed professional misconduct.
- 5.2.5 It may modify the Statutes and/or establish Internal Regulations.

### **5.3 Label Committee – Functioning**

- 5.3.1 The Label Committee meets at least once per year upon convocation of the Chairman or, in his absence, the Deputy Chairman, or otherwise when at least one third ( $\frac{1}{3}$ ) of the members have requested a meeting in writing addressed to the Chairman of the Label Committee.



With the exception of where the Law or the Statutes require a different quorum, at least half of the Administrators must be present or represented in order to validly deliberate and vote. If the threshold of 50% of the Administrators appointed or represented is not met, the Committee may deliberate and vote on the same agenda, whatever the number of administrators present or represented, at a subsequent meeting convened within a maximum period of two months from the date of the first meeting which has been adjourned.

When authorised by the Law, the Label Committee's decisions may be taken by the Administrators under written procedure.

The Label Committee may only decide upon modifications to the Foundation's Statutes provided that the item submitted for decision is expressly indicated in the invitation to the meeting.

- 5.3.2 The Administrators may appoint a proxy to the Daily Manager, another Administrator or the proxy whom they nominated at the time of their own nomination. However, an individual may only carry two proxies.

They may participate in meetings and vote by video conference, conference call or by any other means of communication that allows them to participate in debates and vote.

- 5.3.3 Each Administrator has one vote.

- 5.3.4 Decisions are taken by an absolute majority (i.e. over 50%) of the valid votes cast. In the case of a split vote, the Chairman shall cast a deciding vote.

- 5.3.5 Modifications to the Label Convention must be approved by a majority of two-thirds ( $\frac{2}{3}$ ) of the valid votes cast by Administrators, subject to the Label Committee having first received the views of the Advisory Council.

- 5.3.6 A majority of three-quarters ( $\frac{3}{4}$ ) of the valid votes cast by Administrators is necessary to challenge the contractual responsibility of an Administrator for professional misconduct.

- 5.3.7 The Label Committee shall adopt and decide upon proposals for the alteration of the Foundation's Statutes by a majority of three-quarters of the valid votes cast by Administrators present or represented, provided that these represent at least half of the total number of Administrators.

- 5.3.8 The Foundation's Internal Regulations may elaborate on the implementation of these rules.

- 5.3.9 The mandate of the administrators is not remunerated.

#### **5.4 Label Committee - Chairmanship**

- 5.4.1 The Chairman of the Steering Committee of the "European Covered Bond Council" as organised within the International Non-Profit Association "Covered Bond & Mortgage Council" (CBMC) will act as the Chairman of the Label Committee, subject to his/her endorsement by the Label Committee.

- 5.4.2 The Chairman will automatically cease to be Chairman of the Label Committee if/when he/she ceases to be the Chairman of the Steering Committee of the "European Covered Bond Council" as organised within the International Non-Profit Association "Covered Bond & Mortgage Council" (CBMC).

- 5.4.3 The Chairman ensures the good functioning of the Foundation taking into account the law and the present Statutes, as well as in the interests of the Foundation.

- 5.4.4 In particular, he/she ensures the good functioning of the organs, committees and assemblies organised or established by the Law or the present Statutes.

- 5.4.5 He/She reports to the Label Committee's meetings on the Foundation's activities, its financial situation and its accounts.



## **5.5 Label Committee - Deputy Chairman**

- 5.5.1 The Deputy Chairman of the Steering Committee of the “European Covered Bond Council” as organised within the International Non-Profit Association “Covered Bond & Mortgage Council” (CBMC) will act as the Deputy Chairman of the Label Committee, subject to his/her endorsement by the Label Committee.
- 5.5.2 The Deputy Chairman will automatically cease to be Deputy Chairman of the Label Committee if/when he/she ceases to be the Deputy Chairman of the “European Covered Bond Council” as organised within the International Non-Profit Association “Covered Bond & Mortgage Council” (CBMC).
- 5.5.3 The Deputy Chairman assumes the responsibility of the Chairman in the case of the latter’s unavailability or incapacity, or where a conflict of interests arises.

## **5.6 Advisory Council**

- 5.6.1 An Advisory Council is established, which is composed of no more than fifteen (15) natural persons appointed by the Label Committee for a two year mandate who must come from:
- International or European Institutions; or
  - Representatives of the national banking supervisory authorities nominated on a revolving country basis; or
  - “Covered Bond” market participants who are not members of the Label Committee and of whom at least one is appointed by the Covered Bond Investor Council (CBIC)/investors’ representative body.
- 5.6.2 The Advisory Council shall act as the market participants’ think-tank and shall hold an advisory role vis-à-vis the Label Committee, with no binding power of recommendation. No votes shall occur within the Advisory Council.
- 5.6.3 The Advisory Council shall be responsible for:
- Supporting the deployment of the Label in the market and contributing to its improvement;
  - Providing opinions and/or advice upon consultations requested by the Label Committee;
  - Providing a forum whereby stakeholders can exchange views on issues concerning the Label that may have a direct or indirect impact on the Industry; and
  - Making proposals for the modification of the Covered Bond Label Convention.
- 5.6.4 The procedure for appointments and the organisation, convening and holding of meetings are set out in the Internal Regulations, which, amongst other things, ensure a turnover amongst the organisations which propose candidates.

## **Article 6. Signature**

Not precluding its representation by the Daily Manager in the framework of this management, the Foundation is represented vis-à-vis third parties by the Chairman, acting together with another administrator or by the Daily Manager acting alone.



#### **Article 7. Day-to-Day Management**

- 7.1 The Daily Manager is responsible for the day-to-day management of the Foundation and, notably, of the practical aspects of the labelling process.
- 7.2 The day-to-day management, as well as the Foundation's representation within the limits of this management is entrusted to the individual nominated by the Label Committee upon proposal by the Secretariat of the International Non-Profit Association "Covered Bond & Mortgage Council" (CBMC). The Daily Manager acts alone. The Label Committee may revoke the Daily Manager by a simple majority vote.
- 7.3 The Daily Manager shall attend, as of right in an advisory capacity, all meetings of the Label Committee other than those where a conflict of interests arises.
- 7.4 The Daily Manager submits to the Label Committee all questions of which he/she becomes aware in the course of his/her duties, which are within the competencies of the Label Committee.

#### **Article 8. Conflict of Interests**

- 8.1 The Administrator and, if need be, any other person who is privy to the information, who finds him/herself in a situation of conflict of interests shall declare this situation at the start of the meeting and indicate the item on the meeting's agenda which gives rise to the conflict of interest. He/she will not participate in the vote on the given item.
- 8.2 Conflicts of interests shall be considered to be those stipulated under Article 523 of the Belgian Companies' Law. In addition, decisions concerning a financial institution issuing covered bonds in which an Administrator of the Foundation occupies a position either as an administrator or as an employee, shall be considered as giving rise to a conflict of interests.

#### **Article 9. Financial Year**

The financial year shall run from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December every calendar year.

#### **Article 10. Dissolution**

In the case where the liquidation of the Foundation is decided upon in conformity with Article 39 of the Law, the net assets of the Foundation will be allocated to the International Non-Profit Association "Covered Bond & Mortgage Council" (CBMC) or, by default, to a non profit-making purpose similar to the objectives of the Foundation.

#### **Article 11. Internal Regulation**

An Internal Regulation may be adopted and modified by the Label Committee not precluding the application of the Law and the Statutes.

#### **Article 12. Other**

Any item which is not stipulated in the present Statutes will be subject to the Law dated the twenty seventh of June, nineteen hundred and twenty one, on Non-Profit Making Associations, International Non-Profit Making Associations and Foundations.



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**Article 13. Languages**

English is the official language of the Foundation, unless a national language of Belgium is required by law, in which case French will be used.