

Rules and regulation of the AECM

PREAMBLE

Considering that, given its multinational character, the AECM should operate on the basis of practical, flexible and effective terms, ensuring that its members are informed as effectively as possible and that the process of dialogue between them and the rules governing them are improved, the present amendments are adopted in application of Article 10. A of the Articles of Association. They stipulate how the Board of Directors operates, specifying the technical, administrative and financial conditions governing said operation.

SECTION I

ADMISSION OF MEMBERS

Article 1. Application procedure

1.1. Membership application procedure for becoming full member

a.- Membership may be requested by a guarantee society, a federation of guarantee societies or a guarantee-support organisation whose core activity consists in providing SMEs in Europe with guarantees. It is furthermore required that the applying institution is headquartered either in a Member State of the European Union (EU) or in another country provided that such country belongs to the target countries of the European Union as to associations, strategic partnerships, European neighbourhood policy and alike. In addition, such country must be located at least partially within the geographic boundaries of Europe.

b.- A new candidate member must submit a written application to the Chairman. It must also give the General Secretariat sufficient documentation to enable an assessment of its value and its compatibility with the AECM's Articles of Association.

More especially, it will submit:

- 1.- Statutory and legal documentation
- 2.- Information detailing its experience in guarantee management, its results and prospects
- 3.- The names and CVs of the people who will be its representatives in the AECM's bodies.

c.- The application is sent by the General Secretariat to the Chairman, to the members of the Board and to the representative(s) of the AECM member(s) already established in the candidate member's country

d.- The existing members of AECM who are from the applicant's country have a right of veto against the new member, notification of which must be given to the Chairman.

e.- If there is no veto, the application is studied by the Board on the basis of the following criteria and a recommendation is sent to the General Assembly.

f.- The Ordinary General Assembly takes the final decision.

1.2. Partnership application procedure

a.- Partnership may be requested by a guarantee institution, a federation of guarantee institutions or a guarantee-support organisation whose core activity does not consist in providing SMEs in Europe with guarantees and which does not have its legal headquarter neither in a Member State of the European Union nor in another country belonging to the target countries of the European Union as to associations, strategic partnerships, European neighborhood policy and alike, nor is the country located at least partially within the geographic boundaries of Europe. Furthermore, supranational bodies and commercial banks may apply for partnership independent from the location of their respective legal headquarter.

b.- The application for partnership must be submitted in writing to the Secretariat and be addressed to the Chairman. It must also contain sufficient documentation to enable an assessment of its value and its compatibility with the AECM's Articles of Association.

c.- The application is sent by the General Secretariat to the Chairman, to the members of the Board and to the representative(s) of the AECM member(s) and partners already established in the applicant's country.

d.- The existing members and partners of AECM who are from the applicant's country have a right of veto against the new partner, notification of which must be given to the Chairman.

e.- If there is no veto, the application is studied by the Board on the basis of the criteria laid down in 2.3 and a recommendation is sent to the General Assembly.

f.- The Ordinary General Assembly takes the final decision.

Article 2.- Membership criteria for new members

2.1. Membership criteria for new associate members

a.- Guarantee societies

i. The guarantee societies or their federations that fail to meet the criteria for becoming full members may request membership as associate members of AECM.

ii. Associate members of AECM that meet the criteria for becoming full members may not remain associate members unless they invoke specific circumstances justifying their so doing before the Board.

iii. The objective, perception or activity of the associate member must tally with or be in accord with those of AECM.

b. Support organisations

i. The objective, perception or activity of the associate member must tally with or be in accord with those of AECM.

ii. Their main activity must be oriented towards the promotion of SMEs and the craft industry, and towards financial activities contributing to access of SMEs to credit.

2.2.- Membership criteria for full members

a. The applicant must provide proof of its positive experience, present its national statutory authorisation to perform the activity of guarantor and a statement of its operations. It must be representative of the guarantee system(s) in its country.

b. The guarantee must be to the benefit of SMEs.

c. The guarantee must be granted for viable projects, based on professional competence and in accordance with the usual criteria of financial analysis.

d. The guarantee must be managed within an institution with commercial-form statutory status, which will bear the legal and financial responsibility for the activity.

e. The guaranteeing of loans to SMEs in Europe will be the applicant's main activity. If the entity manages other financial activities, the guarantee will be administered within a special department of its organisation.

f. The applicant must have guarantee decision-making and monitoring mechanisms via to effectively monitor the granting and management of its commitments.

2.3.-Partnership criteria

The objective, perception or activity of the partner must tally with or be in accord with those of AECM. As criteria for a positive application the following should be considered:

- Orientation of their activity towards the promotion of SMEs and the craft industry, and towards financial activities contributing to access of SMEs to credit
- Experience in the guarantee business (in terms of years of experience and volume/numbers, market share and regional coverage)
- Relevance for benchmarking for AECM-members (comparable approaches to financing, SME-orientation)
- Importance for SME-financing and promotion in the relevant market
- Importance for SME-policy and business development
- EU foreign policy

SECTION I bis

RIGHTS AND DUTIES OF PARTNERS

Article 2bis (1)-Rights

Partners receive the same information as associated members. They may take part in consultation procedures and surveys providing their data, opinion, etc.

Partners pay the same participation fees for events of AECM like AECM's full and associated members.

Article 2bis (2)-Duties

Partners do not have the right to vote and accordingly cannot become member of the Board of Directors.

Partners have to pay a fee of 5.000,00 EUR p.a.

SECTION II

OPERATION OF THE BOARD OF DIRECTORS

Article 3.- Languages used

In application of Article 2 of the Articles of Association, the association's official languages are French and English. For technical works reference will be made to the use of the main European languages, in accordance with the practices of the European Commission.

The Board may decide, by a reasonable agreement in specific cases, on any additional languages to be included in official documents and, as the case may be, on any additional languages to be included in technical works.

Article 4.- Operation of the Board

Apart from the Chairman and the Deputy Chairmen, the Board elects a secretary and a treasurer. Should the Chairman be unable to attend, given Article 13 of the Articles of Association and in accordance with the decision of 13 February 2003, he shall be replaced by the first Deputy Chairman and in the latter's absence, by the second Deputy Chairman.

Moreover, in application of Article 10 of the Articles of Association, the Deputy Chairmen assist the Chairman in his duties of representation of the association and in this capacity may be entrusted with special assignments under a specific remit delegated to them by the Board and the Chairman.

The Secretary will check the drafting of the minutes of the Board meetings on the basis of a proposal made by the general secretariat. These draft minutes are sent to the Secretary within a period of fifteen days following the meeting for revision and the insertion of any modifications sent to the General Secretary. The General Secretary then sends the minutes to the members of the Board within fifteen days.

The final minutes, together with comments received, will be appended to the letter calling the next Board meeting, which will have to approve them.

Every year the Treasurer asks the full members and associate members for payment of the fees voted on by the general meeting. He also supervises the draft annual budget and the draft annual accounts drawn up by the general secretary. These will be submitted to the Board of Directors meeting prior to the General Meeting and to the latter in accordance with the Articles of Association.

In the event of their being unable to attend, the secretary and the treasurer shall be replaced by the Chairman.

Article 5.- Invitations to attend and agenda of Board meetings

Every full member may invite technicians and experts and any person whose presence is necessary for the activities, to attend the Board meeting – without the right to vote –, although the number of said persons may not exceed three per full member.

The invitations must be sent beforehand to the Chairman or Deputy Chairman upon receipt of the draft invitation to attend and the draft agenda.

In accordance with the provisions of Article 11-b) of the Articles of Association, the invitations to attend may be sent by electronic mail or by fax.

The invitation to attend will be sent from the head office of the organisation of the full member of the Board to the deputy members of its country.

At each meeting the Board will decide the venue and date of the following meeting.

Agenda

The Chairman will send a draft agenda for the Board meeting, with the documentation required, to all the members of the Board 15 days prior to the meeting.

The first item on the agenda will always be the approval of the previous meeting's minutes.

At least once a year, the board will meet to prepare the ordinary general meeting. It will draw up and propose the economic and financial accounts of the previous accounting period, set the strategic measures for the coming accounting period and suggest the resources needed to obtain the expected results.

The treasurer will convey the information to the Ordinary Meeting.

Article 6.- Procedure governing the Board meetings

Board meetings are attended by full members who represent their national organisations and the deputies, who do not have the right to vote, except in the absence of the country's full member.

The members with a power of attorney for representation must express it and justify it formally to the Chairman before the Board meeting starts.

After the introduction given by the representative of the country in which the Board meeting is being held, the Chairman, or in his absence the Deputy Chairman, recalls the agenda and chairs the debates.

SECTION III

ADMINISTRATIVE AND FINANCIAL OPERATION OF THE AECM

Article 7.- Authorisations granted by the Board

The Board of Directors may delegate the day-to-day management to the full members that it chooses or to a director with use of the association's power of signature in respect of said management.

The Board authorises the General Secretary in respect of the costs of the association's current management within the bounds and intended use of the budget approved.

The Board delegates to the treasurer the supervision of the costs incurred by the general secretary, as expressly authorised by the Board.

The Board's special programmes and projects may be the subject of a specific budget, which will contain a forecast of the costs and the financing.

Article 8.- Costs associated with Board meetings and the General Meeting

The costs specifically related to the Board meetings and the General Meeting are borne by the host country, but for agreement by the members of the Board.

The costs of conferences and seminars which bring together the mutual guarantee societies are subject to a specific budget and shall not be borne by the association, barring specific agreement.

Article 9.- Request for and payment of fees payable by the members

The members of AECM undertake to pay their membership dues within 60 days of the General Meeting that has decided thereupon. Failure to pay the fee within this lead time results in the member in question losing its voting right in the Board and at the General Meeting until such a time as full payment of the amount is effected.

Non-payment of the membership dues will constitute grounds for expulsion as member of AECM.

Article 10.- Management of the Association

The Board of Directors may appoint a general secretary to whom it will delegate the executive duties and the representation of AECM as it deems pertinent.

The General Secretary will be responsible for the management of the association.

Among his duties, he will have to carry out the agreements of the Board and the other management bodies. This will involve in particular implementing proposals, activity programmes and technical projects, preparing annual budgets and accounts, reporting on activities, providing for management information, and taking care of all the technical documentation required to ensure that the work is carried out properly and correctly and that the association's objectives are fulfilled.

SECTION IV

EXECUTIVE COMMITTEES AND WORKING GROUPS

Article 11.- Executive Committee

In accordance with Article 13 of the Articles of Association, the Board may appoint from among its members an Executive Committee to take those decisions calling for specific haste and urgency. It shall give it authorisation for specific, well-defined duties that appear necessary.

Its members will be appointed by the Board, and shall number up to a total of five people.

The Chairman, the secretary and at least two deputy chairmen will be members of this Committee. In all cases, the committee will include the Deputy Chairman who, on account of his special duties on the Board, has a specific responsibility for the subject under consideration.

Article 12.- Working Groups

In accordance with Article 14, the Board of Directors may appoint working groups which it considers necessary for the good operation and interests of the association at that particular time. These working groups will be made up of the people deemed appropriate by the AECM's full members. The Board may also authorise the participation of associate members should it deem this expedient.

For its activities, the group will have a fixed operating period.

These working groups will be co-ordinated by the person designated by the Board with the assistance of the general secretary.

SECTION V

COMPOSITION, VOTING RIGHTS AND ELECTION PROCEDURE FOR RENEWAL OF BOARD

Article 13.- Composition and voting rights ²for the renewal of the Board of Directors

The number of the members to be appointed by the General Assembly to the Board of Directors is set at maximum fourteen (14).

In accordance with the dispositions of Article 8 of the Statutes (« General Assembly »), the voting rights of the members of the General Assembly are based on, and proportional to, their respective fees paid for AECM-membership in the year preceding the year prior to the election year.

Further to the provisions of Articles 5 and 8 of the Statutes (« Membership Status » and « General Assembly »), it is clarified that only Member Organisations, who have acquired their membership rights before the date of the General Assembly meeting that decides on the election of the new Board members can participate in the vote. Membership, with all its rights and duties, starts at the close of the meeting, in which the membership application has been accepted by decision of the members. New members, whose membership has been accepted on the day of the General Assembly that appoints the new Board members, will therefore not be able to participate in any decisions on this very same day.

Article 14.- Election procedure for renewal of Board of Directors

At least three months before the meeting of the General Assembly meeting that will appoint the new Board of Directors, the members of the General Assembly will be called upon by the Chairman of the Board of Directors to provide a name of a candidate in writing as well as a short description of his position held at the member organisation within a two-months deadline. Each Member organisation can only nominate one candidate. At the end of the two-months deadline, the list of the nominated candidates will be considered complete and will be sent to the candidates and the members of the General Assembly at least one month before the electing General Assembly meeting.

The ballot for the election of the members of the Board is to be secret. In order to ensure the secrecy of the ballot, each member will receive a number of individual voting bills corresponding to its total voting rights (e.g.: a Member with 29 voting rights will receive 29 individual bills).

On each voting bill, the total number of the nominated candidates will be listed. Each voting bill will permit to vote for a maximum of 14 candidates for appointment to the Board of Directors. Members can indicate a vote for less than fourteen candidates, however each individual candidate will only receive one vote per voting bill (e.g.: a voting bill with only three candidates chosen will give one vote to each of the three candidates). Voting bills indicating vote for a greater number of candidates than the admissible limit of 14 candidates will be considered invalid and will not be counted.

~~SECTION V~~
~~SECTION VI~~
~~STATUS AND DUTIES OF THE FOUNDING CHAIRMAN AND HONORARY CHAIRMAN~~
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Article 15.- Status of the Founding Chairman

In the minutes of the general meeting held in Paris on 26.01.96, point 1 of the agenda read: “Tomás García, representing the National Federation of the SOCAMA, proposed that Pablo Pombo be appointed Founding Chairman of AECM. The proposal was adopted unanimously by the meeting”.

In the proceedings of the meeting of the Board of Directors in Paris on 3.06.96, point 6 deals with the question of the Rules and Regulations being amended by the addition of a SECTION VI. "DUTIES OF THE FOUNDING CHAIRMAN" Article 14 (inter alia). The Ghent minutes of 19.04.97 approved the final wording on 3.06.96, with the following text in point 6 thereof.

Article 16.- Duties of the Founding Chairman

The Founding Chairman appointed by the General Meeting of Paris on 26.01.1996 shall carry out the duties that may be delegated to him by the board and/or the chairman. He may take part, for the purpose of giving an opinion but without any voting right, in the meetings of all the association's bodies.

Article 17.- Honorary Chairman

At the end of his term of office, the outgoing Chairman shall automatically be appointed Honorary Chairman of AECM.