

---

**Rules of Procedure for  
the  
Administrative and Finance Committee  
(AFC)**



Approved by Council on 8 March 2016

**Content**

Content..... 2

Preamble ..... 3

Article 1 - Scope ..... 3

Article 2 - Members..... 4

Article 3 - Chairperson ..... 4

Article 4 – Meetings and Agenda ..... 5

Article 5 - Secretariat ..... 5

Article 6 - Minutes..... 6

Article 7 - Votes..... 6

Article 8 - Confidentiality and Access to Information ..... 7

Article 9 - Communications..... 7

Article 10 – Amendments and Interpretation of these rules..... 8

Article 11 – Conflict of Interest ..... 8

---

## Preamble

The Shareholders of the Cherenkov Telescope Array Observatory gGmbH on the basis of the

- Articles of Association of the Cherenkov Telescope Array Observatory gGmbH (following “Articles of Association”)
- Rules of Procedure for the Council of the CTAO gGmbH (following “RoP Council”) decide to establish an Administrative and Finance Committee, hereinafter also referred to as “AFC” or “Committee”.

## Article 1 - Scope

1. The AFC is established as a Committee of the Council under Art. 21 of the Articles of Association and rule 12 of the RoP Council. It is charged with the general responsibility of advising the Council on matters of administrative and legal issues and of financial management.
2. The AFC shall in particular:
  - a) examine the budget estimates and any supplementary or revised estimates and comment thereon and express a recommendation to the Council;
  - b) lay down the terms on which, consistent with the proper financing of the Company, contributions of Shareholders shall be paid;
  - c) decide on the form of budget estimates and accounts;
  - d) examine the annual accounts and the year-end auditors' report and inform the Council thereof. It shall make a recommendation concerning the discharge from responsibility of the managing director(s) regarding the implementation of the previous year's budget;
  - e) report to the Council on the financial implications of the admission of new Shareholders;
  - f) consider any financial or accounting points to which attention has been drawn by the auditors;
  - g) review, if and when necessary, the duties of the auditors.
3. The AFC shall also undertake any other duties and responsibilities attributed to it by the Council.
4. For the fulfilment of these tasks, the Managing Director(s) provides the AFC with the necessary documents and information notably concerning the budgets, the medium and long term planning, staffing, purchases and cooperation agreements.

---

## Article 2 - Members

1. Each Shareholder of the Company may appoint a maximum of two Representatives to the AFC. Countries represented by two Shareholders shall be represented by a total of two Representatives. In this case, each Shareholder may appoint one Representative.
2. Each Associate Member of the Company may appoint one Representative to the AFC. Countries represented by an Associate Member and by a Shareholder shall be represented by a total of two Representatives. In any case, a country shall not have more than two Representatives.
3. If an exceptional circumstance prevents a Representative from attending a meeting, (s)he may be represented by an alternate for the meeting concerned. The Managing Director(s) shall be informed thereof in writing by the competent authorities of the Shareholder. The alternate shall hold full Representative's rights unless otherwise stated in the written notification. The Managing Director(s) shall inform the Chairperson of all such notifications.
4. The list of the appointed Representatives shall be kept by the secretariat (see Art. 5).
5. A meeting or session of the AFC may be attended by the members of the AFC, the Managing Director(s), the secretary and additional members of personnel of the Company. The Chairperson after consultation with the Managing Director(s) may invite guests and/or experts to the AFC meetings.
6. For the purpose of these rules "members of the AFC" refers to the Chairperson, the Vice-Chairperson and the Representatives.

## Article 3 - Chairperson

1. The Chairperson and the Vice-Chairperson of the AFC shall be appointed by the Council for a fixed period of two years. With its election, the Chairperson becomes *supra partes* and will not be deemed as Representative of a Shareholder anymore. The appropriate Shareholder may appoint a new Representative to the AFC. In the exceptional case that the Chairperson is prevented from carrying its tasks for any reason, the Vice-Chairperson will perform the tasks of the Chairperson. Only during this time does the Vice-Chairperson act as *supra partes* and will not be deemed as Representative of a Shareholder. The appropriate Shareholder may appoint an alternate during this time. The Chairperson shall have served on the Committee for at least one year; for the Vice-Chairperson, this should preferably also be the case. Appointments may be renewed for one further period of two years subject to the approval of the Council. The Chairperson and the Vice-Chairperson shall belong to Shareholders from different countries.
2. Rule 2 para. 9 RoP Council shall apply accordingly to the Chairperson and Vice-Chairperson while acting as *supra partes*.

---

## Article 4 – Meetings and Agenda

1. The AFC meetings are called by its Chairperson. The AFC will meet as business requires, normally before each meeting of the Council, and generally at the discretion of its Chairperson. It will also meet at the request of more than half of its Representatives, or of Representatives representing more than half of the votes of the Company or at the request of the Chair of the Council. It can also meet at the request of the Managing Director(s).
2. The Chairperson reports the Committee's recommendations to the Council. The Chairperson is also obliged to report briefly the opinion of the minority of the AFC
3. The meeting shall be convened by the Chairperson with at least one month notice, if possible. The Chairperson shall draw up an agenda with reference to the specific tasks of the AFC, which shall be made available together with other necessary documents to the members of the AFC not less than two weeks before each meeting, if possible. On request of any Representative, items for which documents were made available later than two weeks before a meeting shall be excluded from the proceedings of that meeting.
4. Upon request of any Representative immediately after the opening of each meeting, other items may be added to the agenda by unanimous resolution of the AFC if all Shareholders are represented in the respective meeting. . Additionally a vote on the substance of such items may not be taken if any Representative objects.
5. Before the beginning of each meeting the Chairperson shall circulate a list of the participants based on the information received by the Managing Director according to Art. 2 para. 1 through 3.
6. The Chairperson shall chair the meetings, e.g. declare the opening and closing of each meeting, direct the discussion, accord the right to speak, put questions to the vote, announce the decisions, rule on points of order.
7. If the Chairperson or the Managing Director(s) consider that a matter requires a decision before the next meeting of the AFC, s(he) may submit the matter to AFC for decision in written procedure. Rule 10 of RoP Council shall apply accordingly, unless stated otherwise herein. Decisions on matters submitted in the written procedure shall be subject to the voting majorities according to Art. 7 para. 4.
8. All meetings of the AFC will be held in principle in Heidelberg (Germany). Meetings could also be located in other locations if necessary.
9. The official language of the AFC is English. All working documents will be provided in English.

## Article 5 - Secretariat

1. The Managing Director(s) shall provide the secretariat for AFC.
2. The secretary shall draft the minutes (Art. 6) and assist the Chairperson in organising the proceedings of the AFC.

## Article 6 - Minutes

1. All recommendations of the AFC, including the minority opinions, shall be recorded in the minutes.
2. Rule 11 of RoP Council shall apply accordingly.

## Article 7 - Votes

1.
  - 1.1. Each Representative has the right to vote and each Representative has one vote. Representatives of Associate Members shall have the right to vote in straw votes only.
  - 1.2. An up-to-date table of existing votes shall be provided by the secretariat at the beginning of each meeting.
  - 1.3. The Representative of a new Shareholder shall have the right to vote from the date its accession as a Shareholder of the Company is documented with a notary public and its contribution for the running business year has been received by the Company.
2.
  - 2.1. AFC meetings shall only be quorate if the meeting was convened according to Art. 4 para. 3 and if at least 50 % of the number of Shareholders and 50 % of the total shares of the Company are represented in the meeting.
  - 2.2. If the meeting was convened under violation of the provisions of Art. 4 para.3 the meeting shall be quorate notwithstanding if all Shareholders are represented in the meeting and if none of the Representatives object to the meeting being quorate.
  - 2.3. If less than the required Shareholders are represented, a new meeting of the AFC with the same agenda shall be called immediately. This new meeting of the AFC shall be quorate regardless of the number of Shareholders represented, but only if this is explicitly stated in the invitation to such new meeting of the AFC.
3.
  - 3.1 Any Shareholder or Associate Member shall be entitled to request any vote to be preceded by one single straw vote each. The sole intention of a straw vote is for consultation of the combined intentions of Shareholders and Associate Members. Straw votes have no legally binding consequences. Results from straw votes are not minuted.
  - 3.2. The Representative of a new Associate Member shall have the right to vote in straw votes from the date its accession as an Associate Member of the Company is documented with a validly signed Associate Members Agreement and its contribution for the running business year has been received by the Company.

4.
  - 4.1. Recommendations of the AFC require the approval by a majority of votes, i.e. more than 50% of the votes present. In addition, a recommendation is only approved if the votes cast in favour of the recommendation represent more than 50% of the Shareholders represented in the respective AFC meeting.
  - 4.2. No one shall take the floor in the AFC without having obtained the Chairperson's authorisation. Subject to the provisions of para. 4 below, the Chairperson shall call upon the speakers in the order in which they have asked to speak.
  - 4.3. The Chairperson may call to order a speaker whose remarks are not pertinent to the subject at issue.
  - 4.4. At any time, the Chairperson may limit the duration and amount of times a representative is permitted to speak to any subject. This also applies to any other person attending an AFC meeting.
5.
  - 5.1. At the sole discretion of the Chairperson a Representative could attend via teleconference or videoconference subject to technical feasibility, if at least the majority of the Shareholders' Representatives attend in person. Representatives attending via teleconference and videoconference will be considered to be present.
  - 5.2. Representatives shall normally vote by a show of hands, including any Representative attending by videoconference. If requested by at least three Representatives, a roll call shall then be taken in the English alphabetical order of the names of the Shareholders.
  - 5.3. Representatives attending by teleconference and videoconference shall confirm their vote to the Managing Director(s) in writing within a period of two weeks after the meeting. If such confirmation is not received in time, the Representative attending by teleconference or videoconference shall be considered to abstain from voting. for
6. Shareholders and Associate Members shall encourage their own Representatives to attend meetings of AFC. If, however, for exceptional reasons, any Shareholder cannot send its own Representative or alternate to a meeting, it may give to the Representative of another Shareholder the power to vote in its name, provided that each Representative may vote by proxy for one other Shareholder only. Such power to vote shall be granted in a written communication sent and signed by the competent authorities of that Shareholder addressed to the Managing Director(s). The Managing Director(s) shall inform the Chairperson thereof.

## **Article 8 - Confidentiality and Access to Information**

Rule 13 of the RoP Council shall apply accordingly.

## **Article 9 - Communications**

Rule 14 of the RoP Council shall apply accordingly.

## **Article 10 – Amendments and Interpretation of these rules**

1. Any amendments of these Rules of Procedure require the approval of the Council by Qualified Majority according to the Articles of Association.
2. The Council shall be the sole authority for the interpretation of these rules.

## **Article 11 – Conflict of Interest**

Any assessment and/or decision of the AFC shall be free from bias and must not be influenced by partial interest of any of the individual members of AFC. Rule 2 para. 2 – 8 and rule 7 of the RoP Council shall apply accordingly.