

Translation from Russian

ПЛЖ-93

Approved by the IIB Board of Governors
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«On the results of absentee voting...»)

REGULATION
on a Special Status of Participation in the Activities
of International Investment Bank

Budapest
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1. BASIC PROVISIONS

1.1. Scope and basic provisions

1.1.1. This Regulation On a Special Status of Participation in the Activities of International Investment Bank (hereinafter, the Regulation) sets the form, principles, mechanisms and procedures for participation of states, international financial institutions, or other banking, economic, financial organizations and funds in the activities of International Investment Bank without obtaining membership in the Bank in accordance with the Agreement Establishing the International Investment Bank with its Charter [1].

1.1.2. The main purpose of defining a special status is to expand IIB's domain and opportunities by creating an effective mechanism for its collaboration with Participants on a mutually beneficial basis, in compliance with the interests of the Bank's member states and in conformity with the aims and objectives of IIB as a multilateral development institution.

1.1.3. For states and international financial institutions, the establishment of a special status may represent a first step to generate interest in membership in the Bank.

1.1.4. Participants may be subject to the Agreement Establishing the International Investment Bank with its Charter [1] and the Regulatory Documents in relation to their participation in the activities of IIB.

1.1.5. Unit in charge of updating this document is Legal Department.

1.2. Terms and Definitions

The table below lists terms and definitions used in this Regulation:

Term	Definition
Board of Directors	A collective governing body of IIB responsible for the general management and oversight of the Bank's operations and which reports to the Board of Governors
Board of Governors	The supreme collective governing body of IIB
Candidate	Any state, international financial institution, or other banking, economic, financial organization or fund sharing the mission, aims, values and objectives of IIB, which has expressed the intention to participate in its operations and may be considered for a special status subject to the requirements established by this Regulation
Management Board	An executive body of IIB reporting to the Board of Directors and the Board of Governors
Participant	Any state, international financial institution, or other banking, economic, financial organization or fund, which participates in the activities of IIB by virtue of a special participation status of one of the types listed in this Regulation
Regulatory Documents	Documents governing the current activity of the Bank and intrabank relations accepted/approved according to the procedure established by the Bank and including normative (regulations, procedures, policies, etc.) and executive (protocols, orders, resolutions, etc.) documents

1.3. Abbreviations

The following abbreviations are used in this Regulation:

Abbreviation	Explanation
The Bank, IIB	International Investment Bank
AML/CFT/F/C	Anti-Money Laundering, Combating the Financing of Terrorism,

2. TYPES OF SPECIAL STATUSES

2.1. Types of special statuses

2.1.1. Under this Regulation and subject to a resolution of the Board of Governors, a Candidate may be assigned one of the following special statuses of participation in the activities of the Bank:

- **Associated Member** (may be assigned to states, international financial institutions);
- **Associated Partner** (may be assigned to banking, economic, financial organizations and funds);
- **Observer** (may be assigned to states, international financial institutions, banking, economic, financial organizations and funds).

3. CRITERIA AND PREPARATION FOR BEING ASSIGNED A SPECIAL STATUS

3.1. Criteria for being assigned a special status

3.1.1. A Candidate shall meet the following criteria to be considered for a special status:

- trade and economic relations with at least one of the Bank's member states (applicable to states, international financial institutions);
- the recognition of IIB as an international organization, including its privileges and immunities defined by the Agreement [1] (applicable to states);
- a positive business reputation (applicable to banking, economic, financial organizations and funds);
- a Candidate should not be listed in the statements of the Financial Action Task Force (FATF) identifying high-risk and non-cooperative jurisdictions and territories, high-risk states (states revealing strategic drawbacks in national AML/FT systems), as well as in the United Nations Security Council Consolidated List.

3.2. Preliminary consultations and official negotiations

3.2.1. The Management Board conducts preliminary consultations with a Candidate to determine conditions and parameters of the Candidate's participation in the activities of IIB.

3.2.2. Based on the results of the preliminary consultations, the Management Board informs the Board of Governors about the outcomes and/or achieved preliminary agreements with the Candidate, including an assessment of prospects and benefits for the members of the Bank from the Candidate's participation in the activities of IIB and requests the authority from the Board of Governors to conduct official negotiations.

3.2.3. If the Board of Governors adopts a resolution to proceed with official negotiations with the Candidate, the Management Board shall conduct the official negotiations.

3.2.4. Based on the results of the official negotiations between the Management Board and the Candidate, the Management Board presents for the Board of Governors' consideration a proposal with information on the results of the official negotiations and a draft agreement, if applicable.

4. ASSOCIATED MEMBER STATUS

4.1. Privileges, rights and obligations of an Associated Member

4.1.1. The status of an Associated Member allows participation in the Bank's activities, including through:

4.1.1.1. prioritized participation jointly with the Bank in projects implemented both on the territory of an Associated Member, if applicable, and on the territories of the IIB member states and/or third-party countries;

4.1.1.2. prioritized participation jointly with the Bank in projects implemented in the IIB member states with participation of organizations registered on the territory of an Associated Member, being a state. Provided that, IIB shall endeavor to provide possible assistance in ensuring investment protection for such organizations in its member states;

4.1.1.3. participation in meetings of the governing bodies of IIB, subject to the procedures prescribed by the Regulatory Documents;

4.1.1.4. receiving, subject to the Bank's decision, information materials and information on resolutions made by the governing bodies of IIB;

4.1.1.5. receiving confidential materials on the matters related to an Associated Member, subject to the Management Board's decision, provided that a corresponding confidentiality agreement is signed with IIB;

4.1.1.6. statements at events organized by the Bank;

4.1.1.7. exchange of information and cooperation with IIB in other forms, agreed with the Bank.

4.1.2. The status of an Associated Member does not grant a voting right during meetings of the governing bodies of the Bank or a right to sign documents of the governing bodies of the Bank.

4.1.3. An Associated Member shall not be liable for resolutions made by the Bank's governing bodies with its participation.

4.1.4. To obtain an Associated Member status, a Candidate is bound to:

- provide the Bank (directly or through an authorized financial institution) with financial support in a form of a subordinated loan, on the terms and conditions agreed by the parties, that is to be included in the IIB tier-two capital. The format, volume and term for the financial support will be reflected in an agreement on terms and conditions for the Associated Member's participation in the activities of IIB, subject to prior approval by the Board of Governors;
- recognize the preferred creditor status of the Bank or provide the Bank with other comparable forms of investment protection (applicable to states).

4.1.5. An Associated Member shall participate in projects, undertaken jointly with IIB, within the scope and subject to the terms and conditions set forth in the respective agreement signed with the Bank.

4.1.6. An Associated Member shall cover all expenses, related to implementation of its status, including expenses of the Associated Member's representatives in relation to their participation in events organized by the Bank.

4.2. Granting and termination of an Associated Member status

4.2.1. Based on a proposal of the Management Board, following official negotiations between the Management Board and a Candidate, and based on an expert conclusion of the Board of Directors,

the Board of Governors adopts a resolution¹ on assigning to the Candidate the status of an Associated Member.

4.2.2. The Management Board shall notify the Candidate of the resolution of the Board of Governors on assigning to the Candidate the status of an Associated Member.

4.2.3. The Bank, represented by the Chairperson of the Management Board, and an Associated Member shall sign an agreement governing the terms and conditions of an Associated Member's participation in the activities of IIB.

4.2.4. The status of an Associated Member may be terminated by a resolution of the Board of Governors, both at the initiative of the Board of Governors and at the initiative of an Associate Member.

4.2.4.1. In case of termination of the status at the initiative of the Board of Governors, an Associated Member shall agree with the Management Board on the terms of termination of the status, the settlement procedure for ongoing projects and respective legal relationships.

4.2.4.2. In case of termination of the status at the initiative of an Associate Member, an Associated Member shall address the Board of Governors with a written request provided that the Associated Member has previously agreed with the Management Board on the terms of termination of the status, the settlement procedure for ongoing projects and respective legal relationships.

4.2.5. In the event of termination of an Associated Member status an agreement on the terms and conditions of an Associated Member's participation in the activities of IIB shall be terminated.

The terms of termination of an agreement on the terms and conditions of an Associated Member's participation in the activities of IIB may be executed in the form of a termination agreement.

4.3. Preferential admission of an Associated Member to the Bank's membership

4.3.1. An Associated Member sharing the aims and operating principles of IIB may apply for IIB membership in accordance with the Regulation on the Admission of New Members to International Investment Bank and the Procedure for Paying Contributions to the Charter Capital [2]. Admission of an Associated Member to IIB may follow a simplified procedure, which shall be separately determined by a resolution of the Board of Governors.

4.3.2. When adopting the resolution on admission of an Associated Member to IIB membership, the Board of Governors may resolve on the funds provided by the Associated Member to the Bank which may be accounted as a contribution to the Bank's paid-up charter capital.

5. ASSOCIATED PARTNER STATUS

5.1. Privileges, rights and obligations of an Associated Partner

5.1.1. The status of an Associated Partner allows participation in the Bank's activities, including through:

5.1.1.1. prioritized participation in joint projects involving the Bank on the territory of the IIB member states and/or third-party countries;

5.1.1.2. participation in meetings of the governing bodies of IIB, subject to the procedures prescribed by the Regulatory Documents;

5.1.1.3. receiving, subject to the Bank's decision, information materials and information on resolutions made by the governing bodies of IIB;

¹ A resolution shall be adopted by the Board of Governors by a qualified majority of at least $\frac{3}{4}$ of the total votes held by the Bank's members, provided that a simple majority of the representatives of the Bank's members who actually voted on the relevant resolution voted in favor of the resolution.

5.1.1.4. receiving confidential materials on the matters related to an Associated Partner, subject to the Management Board's decision, provided that a corresponding confidentiality agreement is signed with IIB;

5.1.1.5. statements at events organized by the Bank;

5.1.1.6. exchange of information and cooperation with IIB in other forms, agreed with the Bank.

5.1.2. The status of an Associated Partner does not grant a voting right during meetings of the governing bodies of the Bank or a right to sign documents of the governing bodies of the Bank.

5.1.3. An Associated Partner shall not be liable for resolutions made by the Bank's governing bodies with its participation.

5.1.4. An Associated Partner shall participate in projects and provide financial support to the Bank in the form and subject to the terms and conditions set forth in the Associated Partnership Agreement as per para 5.2.3 of this Regulation. Where financial support to IIB is provided in a form of a subordinated loan included to the tier-two capital of IIB, the Associated Partner, becoming *de-facto* an investor, shall receive additional preferences in joint activities with the Bank, which are to be specified in the Associated Partnership Agreement.

5.1.5. An Associated Partner shall cover all expenses, related to implementation of its status, including expenses of the Associated Partner's representatives in relation to their participation in events organized by the Bank.

5.2. Granting and termination of an Associated Partner status

5.2.1. Based on a proposal of the Management Board, following official negotiations between the Management Board and a Candidate, and based on an expert conclusion of the Board of Directors, the Board of Governors adopts a resolution² on assigning to the Candidate the status of an Associated Partner.

5.2.2. The Management Board shall notify the Candidate of the resolution of the Board of Governors on assigning to the Candidate the status of an Associated Partner.

5.2.3. The Bank, represented by the Chairperson of the Management Board, and an Associated Partner shall sign an Associated Partnership Agreement in the form of an agreement on cooperation, establishing general principles of interaction between the parties. An Associated Partner is also entitled to sign with IIB an agreement on cooperation in respect of a particular project implemented by or involving the Bank.

5.2.4. The status of an Associated Partner may be terminated by a resolution of the Board of Governors, both at the initiative of the Board of Governors and at the initiative of an Associate Partner.

5.2.4.1. In case of termination of the status at the initiative of the Board of Governors, an Associated Partner shall agree with the Management Board on the terms of termination of the status, the settlement procedure for ongoing projects and respective legal relationships.

5.2.4.2. In case of termination of the status at the initiative of an Associate Partner, an Associated Partner shall address the Board of Governors with a written request provided that the Associated Partner has previously agreed with the Management Board on the terms of termination of the status, the settlement procedure for ongoing projects and respective legal relationships.

5.2.5. In the event of termination of an Associated Partner status an Associated Partnership Agreement shall be terminated.

The terms of termination of an Associated Partnership Agreement may be executed in the form of a termination agreement.

² A resolution shall be adopted by the Board of Governors by a qualified majority of at least $\frac{3}{4}$ of the total votes held by the Bank's members, provided that a simple majority of the representatives of the Bank's members who actually voted on the relevant resolution voted in favor of the resolution

6. OBSERVER STATUS

6.1. Privileges, rights and obligations of an Observer

6.1.1. The aim of an Observer status is to get acquainted with the Bank and its activities and follow its developments.

6.1.2. The status of an Observer allows participation in the Bank's activities, including through:

6.1.2.1. participation in meetings of the governing bodies of IIB, subject to the procedures prescribed by the Regulatory Documents;

6.1.2.2. participation in events, organized by the Bank, including seminars, conferences and other events, based on an invitation from the Management Board;

6.1.2.3. receiving, subject to the Bank's decision, information materials and information on resolutions made by the governing bodies of IIB;

6.1.2.4. receiving confidential materials on the matters related to an Observer, subject to the Management Board's decision, provided that a corresponding confidentiality agreement is signed with IIB;

6.1.2.5. statements at events organized by the Bank, subject to prior agreement by the Management Board;

6.1.2.6. publication on its own behalf of statements of informational character, related to an Observer's assessment of results of the activities of IIB as of year's end;

6.1.2.7. exchange of information and cooperation with IIB in other forms, agreed with the Bank.

6.1.3. The status of an Observer does not grant a voting right during meetings of the governing bodies of the Bank or a right to sign documents of the governing bodies of the Bank.

6.1.4. An Observer shall not be liable for resolutions made by the Bank's governing bodies with its participation.

6.1.5. An Observer shall cover all expenses, related to implementation of its status, including expenses of the Observer's representatives in relation to their participation in events organized by the Bank.

6.2. Granting and termination of an Observer status

6.2.1. Based on a proposal of the Management Board, following official negotiations between the Management Board and a Candidate, and based on an expert conclusion of the Board of Directors, the Board of Governors adopts a resolution³ on assigning to the Candidate the status of an Observer.

6.2.2. The Management Board shall notify the Candidate of the resolution of the Board of Governors on assigning to the Candidate the status of an Observer.

6.2.3. The Bank, represented by the Chairperson of the Management Board, and an Observer may sign an agreement governing the terms and conditions of participation in the activities of IIB within the framework of an Observer status.

6.2.4. The status of an Observer may be terminated by a resolution of the Board of Governors, both at the initiative of the Board of Governors and at the initiative of an Observer.

6.2.4.1. In case of termination of the status at the initiative of the Board of Governors, if necessary, a termination agreement of an agreement governing the terms and conditions of participation in the activities of IIB shall be executed, in which an Observer shall agree with the Management Board on the terms of termination of the status.

6.2.4.2. In case of termination of the status at the initiative of an Observer, an Observer shall address the Board of Governors with a written request. If necessary, a termination agreement of an

³ A resolution shall be adopted by the Board of Governors by a qualified majority of at least $\frac{3}{4}$ of the total votes held by the Bank's members, provided that a simple majority of the representatives of the Bank's members who actually voted on the relevant resolution voted in favor of the resolution

agreement governing the terms and conditions of participation in the activities of IIB shall be executed, in which an Observer shall agree with the Management Board on the terms of termination of the status.

7. FINAL PROVISIONS

Should the Agreement Establishing the International Investment Bank, with its Charter [1] be amended, this Regulation, as well as amendments hereto, shall apply to the extent not inconsistent with the Agreement [1].

8. LIST OF REFERENCED DOCUMENTS

1. Agreement Establishing the International Investment Bank, with the Charter, dated July 10, 1970 (registered with the UN Secretariat on December 1, 1971 No. 11417, as amended and restated).
2. Regulation on the Admission to International Investment Bank and the Procedure for Paying Contributions to the Charter Capital (ОИД-74), approved by the Protocol of the 2nd Meeting of the IIB Board of Governors, dated 17.09.2019.

9. LIST OF DOCUMENTS BECOMING NULL AND VOID UPON ADOPTION OF THIS DOCUMENT

Upon adoption of this document, the following document shall become null and void:
Regulation on the Special Status of Participation in the Activities of the International Investment Bank (ИЛЖ-93), approved by the Protocol of the 106th Meeting of the IIB Council dated 09.12.2016.