

International Investment Bank

PLG-93

Approved
at the 106th Meeting of the Council
of the International Investment Bank
December 09, 2016

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

Moscow
2016

Table of Contents

	Pages
1. GENERAL PROVISIONS	3
1.1. Scope and general provisions.....	3
1.2. Terms and Definitions	3
1.3. Abbreviations	3
2. THE TYPES OF SPECIAL STATUSES AND CRITERIA TO BE ASSIGNED.....	4
2.1. The types of special statuses	4
2.2. Criteria to be granted with the special status	4
2.3. Associated Member Status.....	4
2.4. Associated Partner Status.....	5
2.5. Observer Status	6
3. FINAL PROVISIONS.....	7

1. GENERAL PROVISIONS

1.1. Scope and general provisions

1.1.1. This Regulation On the Special Participation Status in the Activities of the International Investment Bank (hereinafter, the **Regulation**) sets the form, principles, mechanisms and procedures for the participation of states, international financial organizations, or other banking, economic, financial organizations and funds (hereinafter, **Participants**) in the activities of the International Investment Bank (hereinafter, **the Bank** or **the IIB**) without obtaining membership in the Bank, in accordance with the Agreement Establishing the IIB¹ and its Charter (hereinafter, **the Agreement**).

1.1.2. The main purpose of defining a special status is to expand the 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 goals and objectives of the IIB as a multilateral financial development institution.

1.1.3. Preliminary consultations on the conditions and parameters of a Candidate's participation in the IIB's activities shall be held by the Bank's Board, followed by a subsequent informing of the Council on the achieved preliminary agreements with a Candidate. If none of the IIB member states notifies the Board of its objection within a two month' time after having been informed, the Board may continue the negotiations with a Candidate.

1.1.4. The Council takes a decision on authorizing the Bank's Board to conduct negotiations with a Candidate based on a proposal by the Board following preliminary consultations with the Candidate. The Board of the Bank shall conduct the negotiations subject to the Council's approval.

1.1.5. Based on the results of negotiations between the Board and the Candidate, the Board presents for the Council's review a draft agreement outlining the conditions of the Associated Member's or Associated Partner's participation in IIB's activities, which includes, inter alia, the conditions and mechanisms of beginning and termination of the status of Associated Member or Associated Partner.

1.2. Terms and Definitions

The table below gives a list of terms and definitions used in this Regulation:

Term	Definition
Candidate	Any state, international financial institution, or other banking, economic, financial organization or fund sharing the mission, goals, values and objectives of the IIB, which has expressed the intention to participate in its operations
Participant	Any state, international financial institution, or other banking, economic, financial organization or fund, which participates in the IIB's business activity by virtue of a special status of one of the types listed in this Regulation
The Council	The IIB's supreme governing body

1.3. Abbreviations

The following abbreviations are used in this Regulation:

Abbreviation	Description
The IIB, Bank	International Investment Bank
Agreement	Agreement Establishing the IIB and its Charter dated July 10, 1970
AML/FT	Anti-money laundering, and combating the financing of terrorism, fraud and corruption

¹ Agreement Establishing the IIB dated July 10, 1970.

2. THE TYPES OF SPECIAL STATUSES AND CRITERIA TO BE ASSIGNED

2.1. The types of special statuses

Under this Regulation and subject to a decision of the IIB's authorized management bodies, the Candidate may be assigned one of the following special statuses:

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

2.2. Criteria to be granted with the special status

The Candidate shall meet the following general criteria to be considered for a special status:

- trade and economic relations with the Bank's member states (applicable to states, international financial organizations and other entities under international law);
- recognition of the IIB as an international organization, including its privileges and immunities defined by the Agreement (applicable to states);
- positive business reputation (applicable to banking, economic and financial organizations and funds);
- the Candidate's should not be enlisted in the list of the Group for the Anti-Money Laundering Financial Action Task Force (FATF) of non-collaborating jurisdictions and high-risk states (states revealing strategic drawbacks in national AML/FT systems), as well as in the Consolidated United Nations Security Council Sanctions List.

2.3. Associated Member Status

2.3.1. The status of an Associated Member allows for participation in the Bank's business activity, including through:

2.3.1.1. prioritized participation jointly with the Bank in projects implemented both on the territory of an Associated Member and on the territories of the IIB member states;

2.3.1.2. 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, the IIB shall endeavor to provide possible assistance in ensuring investment protection for such organizations in its member states;

2.3.1.3. participation in Open Sessions of the Bank's Council based on an invitation from the IIB's Board. Based on a decision by the Council, an Associated Member can be invited to a Closed Session of the Council and other collegiate bodies of the Bank. Associated Member shall cover all expenses related to its participation in a meeting of a collegiate body of the Bank. At the same time, Associated Member shall not be liable for decisions made by the Bank's governing bodies with its participation;

2.3.1.4. receiving, subject to the Bank's decision, information materials and decisions made by the IIB's governing bodies;

2.3.1.5. receiving documents of confidential nature related to an Associated Member, subject to a decision of the Board of the Bank, provided that a corresponding confidentiality agreement is signed with the IIB;

2.3.1.6. written and verbal statements at events organized by the Bank.

2.3.2. To obtain the Associated Member status, a Candidate is bound to:

- provide to the Bank (directly or through an authorized financial institution) financial support in a form of a concessional subordinated loan (or in other form agreed upon 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 conditions for the Associated Member's participation in the IIB's business activity, subject to a preliminary approval by the Council.

In case an Associated Member becomes the IIB's full-fledged member, subject to the Council Resolution agreed upon with an Associated Member, the funds provided to the Bank can be accounted as a contribution to the Bank's paid-in capital. In case of an Associated Member's accession to the IIB a quota may be reserved in the unallocated part of the Bank's subscribed capital², which shall become a quota in the Bank's subscribed capital;

- recognize the preferred creditor status of the Bank or provide the Bank with other forms of investment protection (applicable to states).

2.3.3. The decision on assigning to a Candidate the status of an Associated Member shall be made by the Council unanimously based on the proposal submitted by the IIB Board following the negotiations between the IIB's Board and a Candidate. The IIB's Board shall notify a Candidate about the decision made by the Council. The Bank represented by the Board, and an Associated Member shall sign an agreement governing the terms and conditions of an Associated Member's participation in the IIB's activities, including expenses related to the participation of an Associated Member's representatives in the IIB's activities. An Associated Member shall implement projects undertaken jointly with the IIB, within the scope and subject to terms and conditions set forth in a respective agreement signed with the Bank.

2.3.4. The status of an Associated Member may be terminated at any time, pursuant to the Council's Resolution, as well as based on a written request of an Associated Member. The status of an Associated Member may be terminated only after the Bank and an Associated Member agree on the settlement procedure for ongoing projects or settlement of respective legal relations in another manner, subject to approval by the Bank's Council. At the same time, the agreement on the terms and conditions of the Associated Member's participation in the IIB's activities shall be terminated.

2.3.5. An Associated Member sharing the IIB's mission, goals and objectives, and being duly authorized under international law and internal procedures may apply for the IIB membership in accordance with the Agreement and the Regulation on the Admission of New Members to the Bank. The admission of an Associated Member to the IIB may follow a simplified procedure, which shall be separately determined by a decision of the Council.

2.3.6. The status of an Associated Member does not provide a voting right during sessions of the Council or a right to sign documents of governing bodies of the Bank

2.4. Associated Partner Status

2.4.1. The status of an Associated Partner allows for participation in the Bank's business activity, including through:

2.4.1.1. prioritized participation in joint projects involving the Bank on the territory of the IIB's member states and/or third countries;

2.4.1.2. participation in Open Sessions of the Council based on an invitation from the IIB Board (with expenses covered by the Associated Partner);

2.4.1.3. receiving information materials and decisions made by the IIB's governing bodies, as well as documents of confidential nature on matters related to an Associated Partner, subject to a

² Quota amount shall be determined in accordance with the Bank's internal regulations, based on the Candidate's macroeconomic performance and the amount of the Subordinated loan provided to the Bank.

decision made by the Board of the Bank, provided that a corresponding confidentiality agreement in respect of information provided is signed with the IIB;

2.4.1.4. written and verbal statements at events organized by the Bank, subject to prior approval by the person chairing the meeting.

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

2.4.3. An Associated Partner shall provide financial support to the Bank in a form and on conditions set forth in the Associated Partnership Agreement as per para. 2.4.2. of this Regulation. Where financial support to the IIB is provided in a form of a subordinated loan to the IIB's tier-two capital, the Associated Partner becoming *de-facto* an investor, shall receive additional preferences in the joint work with the Bank, which are to be specified in the Associated Partnership Agreement.

2.4.4. The decision on assigning to a Candidate the status of an Associated Partner shall be made by the Council's qualified majority³ based on the proposal submitted by the IIB Board following the negotiations between the IIB's Board and a Candidate. The Board of the Bank shall notify a Candidate about the decision made by the Council.

2.4.5. The status of an Associated Partner may be terminated at any time, subject to the Council Resolution as well as based on a written request from an Associated Partner. The status of an Associated Partner may be terminated only after the Bank and an Associated Partner agree on the settlement procedure for ongoing projects or settlement of respective legal relations in another manner, subject to an approval by the Bank's Council.

2.4.6. The status of an Associated Partner does not provide a voting right during sessions of the Council or a right to sign documents of governing bodies of the Bank

2.5. Observer Status

2.5.1. The status of an Observer allows for participation in the Bank's business activity, including through:

2.5.1.1. participation in open sessions of the Council based on an invitation from IIB's Board (with expenses covered by the Observer);

2.5.1.2. participation in the Bank's events, including seminars, conferences and other events, based on an invitation from the Board;

2.5.1.3. receiving information materials and decisions made by the IIB's governing bodies, as well as documents of confidential nature on matters related to an Observer, subject to a decision made by the Board of the Bank, provided that a corresponding confidentiality agreement in respect of information provided is signed with the IIB;

2.5.1.4. written and verbal statements at events organized by the Bank, subject to prior approval by IIB's Board. Such statements by the Observer's representatives at sessions of the Council are subject to prior approval by the person chairing the meeting;

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

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

³ Qualified majority – under current statutory documents, $\frac{3}{4}$ of votes of IIB member states; under new, amended statutory documents – no less than $\frac{3}{4}$ of all the votes of the Bank's member states, provided that a simple majority of IIB members' representatives voted in favour of the decision.

2.5.2. The status of an Observer does not provide a voting right during sessions of the Council or a right to sign documents of governing bodies of the Bank. Observer shall not be liable for decisions made by the Bank's governing bodies with its participation.

2.5.3. The decision on assigning to a Candidate the status of an Observer shall be made by the Council's qualified majority⁴ following the results of bilateral negotiations between the IIB's Board and a Candidate. The Board of the Bank shall notify a Candidate about the decision made by the Council.

2.5.4. The status of Observer may be terminated at any time based on a written request by the Observer, addressed to the Council, or following a decision by the Council.

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

3. FINAL PROVISIONS

In case of any amendments to the Agreement establishing of the International Investment Bank, or to its Charter, present Provisions shall be applied to the extent not contradicting to newly adopted laws and other regulations, Agreement establishing of the International Investment Bank, and its Charter.

⁴ Qualified majority – under current statutory documents, $\frac{3}{4}$ of votes of IIB member states; under new, amended statutory documents – no less than $\frac{3}{4}$ of all the votes of the Bank's member states, provided that a simple majority of IIB members' representatives voted in favour of the decision.