

**RULES FOR THE CONDUCT
OF THE BUSINESS OF
THE COMMON FUND
FOR COMMODITIES**

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COMMON FUND FOR COMMODITIES
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CONTENTS

		<u>Page</u>
	Preamble	1
<u>Rule</u>		
1	Definitions	1
2	Channel of communication	2
3	The Managing Director	2
4	Delegation of powers	3
5	Application for Membership in the Fund	3
6	Suspension of a Member	3
7	Reports	4
8	Amendment	4

**RULES FOR THE CONDUCT OF THE BUSINESS OF
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Preamble

These Rules for the Conduct of the Business of the Common Fund for Commodities are adopted under the authority of the Agreement Establishing the Common Fund for Commodities; and they shall be construed accordingly. In the event of a conflict between anything in these rules and any provision or requirement of the Agreement, the Agreement shall prevail.

Rule 1 - Definitions

For the purposes of these rules:

- (i) "Agreement" means the Agreement Establishing the Common Fund for Commodities;
- (ii) "Member" means a member of the Fund;
- (iii) "Fund" means the Common Fund for Commodities;
- (iv) "Executive Director" means a member of the Executive Board and, except where otherwise specified, includes his alternate;
- (v) "Executive Board" means the Executive Board of the Fund;
- (vi) "Managing Director" means the Managing Director of the Fund;
- (vii) "Governing Council" means the Governing Council of the Fund;
- (viii) "Highly Qualified Majority" means at least three fourths of all votes cast; and
- (ix) "Votes Cast" means affirmative and negative votes.

Rule 2 - Channel of Communication

Each member shall designate an appropriate official entity for communications between itself and the Fund in connection with any matter arising under the Agreement. A communication between the Fund and such entity shall constitute a communication between the Fund and the Member.

Rule 3 - The Managing Director

- (a) The Managing Director shall be of the nationality of a Member.
- (b) If, on appointment, the Managing Director has a financial interest in any commodity for which there exists an international commodity organization or international commodity body which has a relationship with the Fund, or in any institution which has a financial relationship with the Fund, he shall declare such interest to the Governing Council and dispose of, or otherwise make suitable arrangements for, these interests in a manner acceptable to the Governing Council.
- (c) The salary, allowances and other entitlements of the Managing Director shall be determined by resolution of the Governing Council. In addition, he shall be entitled to participate in insurance, medical, pension, retirement and other plans as may be established for the employees of the Fund and are not otherwise covered by his emoluments.
- (d) When the term of office of the Managing Director is due to expire, the appointment of a Managing Director shall be placed on the provisional agenda of the annual meeting of the Governing Council immediately preceding the expiry of the term of office; whenever, for other reasons, the office of Managing Director becomes vacant or a vacancy is due to occur, the Executive Board shall decide whether to request that the Governing Council be convened in special meeting for the purpose of appointing the Managing Director. Nominations for the office of Managing Director may be submitted to the Chairman of the Governing Council by Members, along with a curriculum vitae. Except as the Chairman of the Governing Council may decide otherwise, all nominations shall be submitted no less than 90 days before the opening of the meeting at which the appointment of the Managing Director is to be decided and shall be communicated to all Members no less than 60 days prior to the meeting of the Governing Council.
- (e) The Managing Director shall designate a staff member to exercise the authority and perform the functions of the Managing Director should he become incapacitated or should there arise a vacancy in his office, If he has failed to do so, the Executive Board shall designate a senior officer of the Fund to exercise the authority and perform the functions of the Managing Director temporarily. Any person exercising the authority and performing the functions of the Managing Director under this paragraph shall have the same powers

and duties as the Managing Director, except the authority to function as Chairman of the Executive Board, and the power to designate another staff member to exercise the authority and perform the functions of the Managing Director.

Rule 4 - Delegation of Powers

The Governing Council may, from time to time, by resolution delegate any of its powers to the Executive Board, except those reserved to the Governing Council by Article 20, paragraph 3 of the Agreement, and such others as the Governing Council may from time to time so determine. The Executive Board shall not take any action pursuant to powers delegated to it by the Governing Council that is inconsistent with any decision of the Governing Council.

Rule 5 - Application for Membership in the Fund

Prior to consideration by the Governing Council of an application for membership in the Fund by accession, the Executive Board, after consultation with the applicant State or intergovernmental organization, shall recommend to the Governing Council on what terms and conditions such State or organization should be admitted as a Member. Such terms and conditions shall, in the case of an applicant State, be consistent with Article 10, paragraph 2 (b), and Schedule D, paragraph 2 (b) of the Agreement.

Rule 6 - Suspension of a Member

Before any Member is suspended from membership in the Fund pursuant to Article 31, paragraph 1 of the Agreement, the matter shall be considered by the Executive Board, which shall inform such Member in writing, sufficiently in advance, of the complaint against it, and shall give such Member a reasonable time to explain its case orally and in writing. The Board shall recommend to the Governing Council whatever action it considers appropriate. Such Member shall be notified in writing of the recommendations and of the date on which the matter is to be considered by the Governing Council, and it shall be given a reasonable time to present its case orally and in writing before the Governing Council. Such Member may waive this right.

Rule 7 - Reports

In addition to the annual report referred to in Article 28 of the Agreement, the Fund may also publish such other reports as the Governing Council may deem desirable in carrying out the objectives and functions of the Fund. Such reports shall be prepared in the official languages of the Governing Council and transmitted to Members.

Rule 8 - Amendment

These rules may be amended by the Governing Council, by a Highly Qualified Majority.