

EUROPEAN STABILITY MECHANISM
RULES OF PROCEDURE OF THE BOARD OF AUDITORS

Article 1

Hierarchy of Rules

1. These are the Rules of Procedure of the Board of Auditors of the European Stability Mechanism (the “ESM”) adopted, pursuant to Article 24(3) of the By-Laws of the ESM (the “By-Laws”), by the Board of Auditors (the “BoA”), acting unanimously.
2. In the event of a conflict between any provision of these Rules of Procedure and any provision of the Treaty Establishing the European Stability Mechanism done at Brussels on 2 February 2012, which entered into force on 27 September 2012 (the “Treaty”) or the By-Laws, the provision of the Treaty or of the By-Laws, as the case may be, shall prevail.
3. In these Rules of Procedure, and unless otherwise specified herein, capitalised terms shall have the same meanings as ascribed to them in the Treaty and in the By-Laws.

Article 2

Organisation of Meetings

1. The BoA shall meet regularly in accordance with a schedule that it shall determine in good time.
2. Except as otherwise specifically directed by the BoA, the Chairperson of the BoA (the “Chairperson”) shall, with the assistance of the Secretary General of the ESM or any ESM staff member designated by the Secretary General, be in charge of all arrangements for the organisation of meetings of the BoA.

Article 3

Attendance

Attendance at meetings of the BoA shall be restricted to:

- (a) the members of the BoA; and

- (b) subject matter experts referred to in Article 24(5) of the By-Laws appointed by the BoA, external advisors and other persons invited by the Chairperson;
- (c) ESM staff members invited by the Chairperson; and
- (d) an ESM staff member or other person designated by the BoA to serve as secretary of the meeting pursuant to Article 6 of the Rules of Procedure.

Article 4

Meetings

1. Meetings of the BoA shall be called by the Chairperson, on his or her own initiative or at the written request of any member of the BoA or on his behalf by the Secretary General of the ESM or any ESM staff member designated by the Secretary General.
2. The notice convening the meeting shall specify the time and place of the meeting and its draft agenda. It shall also specify the audio or audio-visual electronic communication facility that is available to participate in the meeting through electronic mode as set forth in paragraph 5 below, as well as the necessary information to enable participants to access such facility.
3. The notice convening the meeting, together with any document to be referred to or discussed at the meeting, shall be sent to the members of the BoA and any other invitees by express courier, fax, electronic mail or BoA internal information portal (“BoA portal”), not less than seven calendar days prior to the date set for the meeting in respect of the convening notice and not less than three working days prior to the date set for the meeting in respect of any document to be referred to or discussed at the meeting, except in urgent cases or when acceptable to the BoA members when such notice and documents shall be sent as soon as possible.
4. Meetings of the BoA shall be presided over by the Chairperson or, in his or her absence, by the Vice-Chairperson, or in their absence, by any other member of the BoA designated by the members of the BoA in attendance, acting by simple majority.
5. Members of the BoA may take part in the discussion, and cast their votes, by means of teleconferencing or any other electronic means allowing real-time bidirectional or multidirectional communication enabling participants to hear all other participants and to address the meeting from a remote location. Participation by such means shall constitute presence in person at the said meeting for purposes of the quorum requirement set forth in Article 24(3) of the By-Laws. Other persons permitted to attend meetings of the BoA may likewise participate in such meetings through electronic mode in the manner described in this paragraph.

Members of the BoA and other invitees who wish to participate in a given meeting of the BoA through electronic mode shall advise the Chairperson or the secretary of the meeting thereof by express courier, fax, electronic mail or BoA portal no later than 24 hours before the meeting, except in urgent cases when they shall advise the Chairperson as soon as possible.

Article 5

Quorum and Vote

1. At any given meeting, the BoA may validly deliberate and decide only when at least three members of the BoA are present.
2. In line with Article 24(3) of the By-Laws, all decisions of the BoA shall be adopted by simple majority of the votes cast. Each member shall have one vote.

Article 6

Minutes

1. The BoA shall designate one of the members of the BoA or an ESM staff member or other person to act as secretary and prepare minutes of the meetings of the BoA.
2. The said minutes shall contain:
 - (a) the names of the persons present;
 - (b) the agenda items;
 - (c) the decisions adopted; and
 - (d) the conclusions of any opinion or recommendation, including any dissenting opinion, if requested.
3. The draft minutes shall be circulated by the Chairperson, or on his or her behalf, by the secretary and be sent to the members of the BoA by express courier, fax, electronic mail or BoA portal not less than seven calendar days prior to the date set for the meeting for comments by all Board members. The draft minutes reflecting the comments received from the members of the BoA shall be submitted for the next meeting of the BoA, at which they shall be presented for approval.
4. The approved version of the minutes shall be marked as such, signed by the Chairperson as well as the secretary of the meeting and be uploaded on the BoA portal.
5. In line with Article 17(6) of the By-Laws, the external auditor of the ESM shall have access to the approved minutes of the BoA's meetings, subject to a case-by-case decision of the BoA to provide the external auditor with a redacted version of these minutes.

Article 7

Expense Reimbursements, Allowances

1. The members of the Board of Auditors are entitled, at the ESM's expense, to the reimbursement of, or the payment of allowances for, travel and office expenses incurred by them in the performance of their duties, in the amounts determined, and adjusted from time to time, by the Board of Directors, acting by qualified majority.
2. The members of the BoA shall submit any claim for reimbursement of, or the payment of allowances for, travel and office expenses incurred by them in the performance of their duties to the Secretary General of the ESM for approval in line with the general principles for reimbursement of travel expenses applicable to ESM staff.

Article 8

Allocation of budget

The BoA shall draw up a budget for each financial year for the recourse to subject matter experts or external advisors and for the reimbursement of, or the payment of allowances for, travel and office expenses incurred by them in the performance of their duties. Such budget shall be transmitted by the Chairperson of the BoA to the Managing Director for inclusion in the ESM annual administrative budget, for formal approval by the Board of Directors pursuant to Article 25 of the By-Laws, no later than 1 November of the preceding financial year.

Article 9

Amendment

These Rules of Procedure may be amended by the BoA, in accordance with Article 24(3) of the By-Laws.