



INTERNAL POLICY

APPLICATIONS FOR THE REDUCTION IN MEMBERS' ORDINARY DUES

Background:

Taking into consideration, in accordance with the constitution of ACSDA, requests from the ACSDA members for the reduction in the ordinary dues ruled by Article 18 of the By Laws, the Executive Committee has deemed it necessary to establish Internal Policies setting out the criteria for the evaluation of each request by the Executive Committee, as well as the procedure to be followed for the approval of the corresponding requests for dues reduction.

It must be stated that, in accordance with item 8 in Article 9 of the By Laws, the General Assembly is the body that annually establishes the amount of the ordinary dues to be paid by each of the members. Likewise, it may authorize the Executive Committee to accept the request for dues reduction, in accordance with the criteria determined by the Assembly.

Therefore, the application of the policies proposed below assumes the prior delegation of power mentioned in the previous paragraph.

Proposal

Policy

- a) The Executive Committee is the body authorized by the General Assembly to receive, evaluate and approve the requests submitted by the members. No requests for the exemption of payment of dues shall be considered.
- b) The evaluation of the corresponding requests shall be made once a year, within 90 days following the General Assembly that established the ordinary dues.
- c) The deadline for the members to present their reduction requests is within thirty (30) calendar days following the issuance of the invoice for the ordinary dues.
- d) The reduction requests must be submitted in writing (by e-mail or letter) and addressed to the Treasurer with copy to the Executive Director, and must be supported by evidence the existence of at least one of the following conditions:
 - i. Existence of any financial difficulty, such as an annual operational loss in the year that preceded the last General Assembly.

- ii. Show a negative net profit, or a positive one that does not exceed by twenty (20) times the ordinary dues determined by the General Assembly.
 - iii. Existence of some budgetary restriction for a member that has joined the Association after the approval of its annual budget.
 - iv. Existence of an extraordinary contingency that warrants resources reserve, notwithstanding an operational or financial profit.
 - v. Less than three years of having been constituted as a Securities Depository Entity.
- e) Should the reduction request be approved by the Executive Committee, it shall be valid only for the year in which it was requested. The corresponding approval shall be notified to the member, by e-mail from the Executive Director, and to the Association, attaching the corresponding invoice for the approved amount of the dues to be paid, and indicating the payment deadline.
- f) The dues can only be reduced up to a maximum of 50% of the dues established by the General Assembly. (Nevertheless, in accordance with article 9, item 8 of the by-laws, the reduction margins are set by the General Assembly, therefore the Committee does not approve them, unless the General Assembly delegates said authority.
- g) No member may receive the benefit of a reduction in the ordinary dues, based on conditions ii, iii, iv, or v of clause d), whichever may be the amount, for more than three (3) consecutive years. A member, having been granted a discount under clause i (related to an ongoing operational loss) may continue to be granted a discount under the policy as long as the losses continue.
- h) Any exception to the present Policy and provided it does not exceed what is provided in the By Laws, must be duly authorized and supported by the Executive Committee, as well as approved unanimously by its members.