



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-UNRESTRICTED
Approved by the EB on 12 June 2012

ECB RETIREMENT PLAN AND ECB PENSION SCHEME

Terms of Reference of the Oversight Committee

Chapter I – General provisions

1. These Terms of Reference have been produced in accordance with Article 2.2(i) of Annex III to the Conditions of Employment for Staff of the European Central Bank – Retirement Plan (the ‘Rules of the Plan’) and Article 26(b) of Annex IIIa to the Conditions of Employment for Staff of the European Central Bank – Pension Scheme (the ‘Rules of the Scheme’). Unless otherwise provided for in these Terms of Reference, the terms used herein shall have the same meaning as in Article 1.1 of the Rules of the Plan and Article 1 of the Rules of the Scheme.

‘Persons or bodies connected with the Plan and the Scheme’ shall hereinafter refer to ECB members of staff directly involved in the day-to-day administrative, managerial, advisory and/or supervisory tasks of the Plan and the Scheme, the Plan and the Scheme Actuary, the Plan and the Scheme Auditor, the Investment Managers and, if appointed, the Custodians of the assets of the Plan and the Scheme.

Chapter II – Role and functions

2. The role of the Oversight Committee shall be to act as a watchdog, representing the interests of the Beneficiaries of the Plan and the Scheme, by monitoring the overall running of the Plan and the Scheme in accordance with Article 2.2 of the Rules of the Plan and Article 26 of the Rules of the Scheme. In carrying out its role, the Oversight Committee shall perform its functions in accordance with these Terms of Reference.

Chapter III – Constitution

3. The Oversight Committee shall consist of five members and shall be set up in accordance with Article 2.2(iii) of the Rules of the Plan and Article 26(d) of the Rules of the Scheme.
4. The members of the Oversight Committee shall be elected for a term of office, renewable every three years.
5. The elections shall be organised by an election committee in accordance with the Election Rules for Elected Committees.
6. Beneficiaries having legal capacity or, in the case of Beneficiaries who do not have legal capacity, their legal representatives, shall have the right to cast a vote for each member to be elected to the Oversight Committee. In the case of multiple dependants who are beneficiaries, voting shall be restricted to one Beneficiary.
7. In order to stand for elections to the Oversight Committee, former members of the Investment Committee shall have ceased their term of office for at least one year prior to the date of the election at which the member intends to stand.

8. Only Beneficiaries shall be eligible to become a member of the Oversight Committee. At least three members of the Oversight Committee shall be members of staff that will be Beneficiaries to the Plan or Scheme.
9. Notwithstanding Article 8 above, the members of the Oversight Committee shall meet all the following conditions:
 - a) they shall not be members of the Governing Council, the Executive Board, the Investment Committee or persons or bodies connected with the Plan and the Scheme;
 - b) they shall not be connected to persons listed in paragraph (a), either as a Spouse or as relative up to the second line or as a result of any commercial relationship;
 - c) they must never have been convicted of any criminal offence;
 - d) they shall have legal capacity to act.
10. The Oversight Committee shall appoint a chairperson from among its members.
11. The term of office of an Oversight Committee member shall expire prior to its normal expiry date:
 - a) in the event of the death of an Oversight Committee member,
 - b) if he/she no longer fulfils the conditions set out in Article 9;
 - c) if he/she informs the Oversight Committee that he/she is resigning from office;
 - d) in the event of the incapacity of the Oversight Committee member for a period longer than four months. An Oversight Committee member shall be considered incapacitated if they are unable to perform their tasks due to illness or accident within the meaning of Article 31 of the Conditions of Employment.
12. Any Oversight Committee member whose term of office has expired shall be replaced by the first candidate on the reserve list, subject to the candidate's agreement. If there is no reserve list or if there are no candidates left on the reserve list, a new election shall be held. The new member shall replace the member of the Oversight Committee whose term of office was terminated prior to its normal expiry date for the remainder of that former Oversight Committee member's three-year term of office.
13. The Oversight Committee shall remain validly constituted notwithstanding the expiry of the term of office or the resignation of Oversight Committee members. In order to ensure continued representation, resigning Oversight Committee members who remain members of staff of the ECB shall continue to perform their functions until new Oversight Committee members have been elected.
14. In the event of there not being enough Beneficiaries who are prepared to stand for election as members of the Oversight Committee, additional members shall be appointed, as necessary, by the Executive Board within a period of two weeks after consulting the Staff Committee.

Chapter IV – Organisational matters

15. The Oversight Committee shall adopt its own rules of procedure. These rules shall be made known to the Beneficiaries and the Administrator.
16. Costs of the Oversight Committee within the limits set by the approved budget shall be borne by the ECB. The Oversight Committee shall have its own budget, hosted by a budget centre independent of that of the pension administration.
17. Secretarial services of the Oversight Committee shall be supplied by the ECB.

18. Meetings shall validly take place if at least three members are present.
19. Decisions and recommendations by the Oversight Committee shall be made by a simple majority of the Oversight Committee members.
20. Copies of the minutes shall be circulated to the members of the Oversight Committee, the Executive Board and the Administrator within three weeks following a meeting.

Chapter V – Duties and Tasks

21. Members of the Oversight Committee have a duty to perform their roles conscientiously and without regard to self-interest. They shall at all times act in good faith. Actions taken and recommendations made may benefit a member of the Oversight Committee only as a Beneficiary of the Plan and of the Scheme.
22. Members of the Oversight Committee shall maintain confidentiality regarding information received in the performance of their duties. Former members of the Oversight Committee shall continue to be bound by this obligation.
23. The duty of the Oversight Committee, with regard to monitoring the overall running of the Plan and the Scheme, comprises that it must satisfy itself that the Plan and the Scheme are being administered in accordance with the Rules of the Plan and the Scheme by providing recommendations in accordance with Article 24, considering the reports listed in Article 28, and taking action in accordance with Articles 25 and 26.
24. At the request of the Governing Council and/or the Executive Board, the Oversight Committee shall in the following circumstances make recommendations regarding:
 - a) the removal and replacement of the Plan or the Scheme Actuary (Article 2.3 of the Rules of the Plan and Article 20 of the Rules of the Scheme);
 - b) the removal or replacement of the Plan Auditor (Article 2.3 of the Rules of the Plan);
 - c) the termination of the Plan or the Scheme (Article 5.1 of the Rules of the Plan and Article 33 of the Rules of the Scheme);
 - d) the termination or variation of contributions to be paid to the Plan or the Scheme (Article 6.6 of the Plan Rules and Article 23 (d) of the Scheme Rules);
 - e) the closure of the Plan or the Scheme to new members of staff (Article 10.5 of the Rules of the Plan and Article 31 of the Rules of the Scheme);
 - f) the costs of the Scheme (Article 25 of the Rules of the Scheme).
25. At its own initiative the Oversight Committee may make recommendations on matters which are of a concern to it in carrying out its duties, in accordance with the process outlined in Article 27.
26. In the event of the Oversight Committee becoming aware of:
 - a) irregularities in the performance of duties, including any that have been delegated to a third party, by Persons or bodies connected with the Plan and the Scheme;
 - b) the services provided by Persons or bodies connected with the Plan and the Scheme being below the standard expected for that position;
 - c) the fact that contributions of the ECB and members of staff and any other payment received for investment in the Plan and the Scheme are not being forwarded for investment in a timely fashion;
 - d) unauthorised investment

it must ensure that action is taken in accordance with the process outlined in Article 27.

27. The Oversight Committee shall bring any matter of concern in relation to its duties to the attention of the Administrator. The Administrator shall investigate the matter and respond to the Oversight Committee within a period of two months. If appropriate, meetings may take place during this period between the Oversight Committee, the Administrator or their designated representative and any other parties that may be involved. Any disagreement between the Oversight Committee and the Administrator as to the action to be taken that cannot be resolved satisfactorily shall be settled under the procedure laid down in Article 36.

Chapter VI – Rights

28. The Administrator shall make available to the Oversight Committee:
- a) the valuation reports of the Plan and the Scheme Actuary (Article 6.8 of the Rules of the Plan and Article 22 of the Rules of the Scheme);
 - b) reports of the Investment Committee (Articles 16 (d) and 16 (h) of the Rules of the Scheme);
 - c) proposals of the Investment Committee (Article 16 (d) of the Rules of the Scheme);
 - d) the annual report of the Plan and the Scheme, including the report of the Plan and Scheme Auditor (Article 2.7 of the Rules of the Plan and Article 24 of the Rules of the Scheme).

The reports listed above shall be made available to the Oversight Committee in draft and final form as they become available.

29. The Oversight Committee shall have such rights to information and access to persons and bodies as are necessary to enable it to carry out its tasks.
30. The Oversight Committee may have its comments included in the final version of the annual report and accounts of the Plan and the Scheme as well as in any summary of these issued to Beneficiaries.
31. Members of the Oversight Committee shall receive the training necessary to enable them to carry out their duties, within the limits set by the approved Oversight Committee's own budget.
32. The Oversight Committee shall have the right to communicate directly with all Beneficiaries on issues related to their duties via Intranet and Extranet and publication of News.
33. The Oversight Committee shall have the right to call meetings for all Beneficiaries.
34. Members of the Oversight Committee are collectively granted time dispensation for a total of 1.0 full-time equivalent to carry out their tasks. The rules applicable to the annual salary and bonus review of Staff Committee members shall apply *mutatis mutandis* to the Oversight Committee members who benefit from time dispensation. Members of the Oversight Committee who are not active members of staff shall not be remunerated.

Chapter VII – Conflicts of interest

35. In the event of a member of the Oversight Committee believing that he/she has a conflict of interest with regard to a matter to be addressed in the performance of his/her duties he/she shall abstain in the decision-making process on the matter in question.

Chapter VIII – Dispute procedure

36. Without prejudice to the specific provisions of Article 2.6 of the Rules of the Plan and Article 35 of the Rules of the Scheme, any disagreements arising between the Oversight Committee and the Administrator as to the interpretation and/or application of these Terms of Reference or as to the

action to be taken and for which a satisfactory solution is not reached, may be brought to the attention of the Executive Board, after giving the other party the possibility to express their position within at least one month. The Executive Board shall issue its decision on the matter within a period of one month after being informed.

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