

Petroleum Fund of Timor-Leste

Investment Advisory Board

In accordance with Article 16.4 of Law Number 9/2005 on the Petroleum Fund of Timor-Leste, the Investment Advisory Board hereby adopts the following

RULES OF PROCEDURE

Article 1 Membership

1. Attendance and voting at Meetings of the IAB shall be restricted to the persons specified as members of the Board in Article 17.1 of the Petroleum Fund Law, namely:
 - The Director of Treasury
 - The Head of the Central Bank
 - Two persons appointed by the Minister who have significant experience in investment management
 - One other person appointed by the Minister
2. A vacancy in any of the above positions shall not invalidate the composition of the Board.
3. Members shall comply with the provisions of Annex A regarding standards of conduct, confidentiality and travel.
4. Members shall, within 60 days of their taking and vacating office, submit a declaration [to the Minister] concerning their assets and income from property and capital, in accordance with Article 17.4 of the Petroleum Fund Law. Individual declarations shall be considered confidential.
5. A member of the Board may appoint an alternate to attend a meeting of the Board, provided that the Minister shall be notified of such appointment six working days in advance of the meeting. Such alternate shall have the powers of the appointing member.
6. Other persons may attend meetings as observers with the consent of the Board, and may have the right to speak at the request of the Chairman of the meeting.

7. The Board may call on such other parties as it deems necessary to provide advice and other input to the Board as the Board may require.

Article 2 Chairman

1. The meetings of the Board shall be chaired by a Chairman, to be elected by the Board.
2. The chairman shall be elected for one year at a time and may be re-elected.
3. In the absence of the Chairman the meeting shall elect a chairman for the meeting from the members present.

Article 3 Secretary

1. The Board shall appoint a Secretary from the staff of the central bank on the advice of the head of the central bank to attend all Board meetings and keep all Board records and execute such other administrative functions as may be required by the Board.
2. The Secretary shall not be a member of the Board.

Article 4 Functions

1. The Board shall undertake the functions assigned to it in Law number 9/2005 on the Petroleum Fund of Timor-Leste, including:
 - (a) developing for the Minister performance benchmarks of desired returns from, and appropriate risks of, the investments of the Petroleum Fund
 - (b) advising the Minister on the investment instructions that the Minister shall provide to the Investment Managers of the Fund
 - (c) advising the Minister on the performance of the external Investment Managers and making recommendations on the appointment or removal of external Investment Managers; and
 - (d) advising the Minister on the need for changes in the overall investment strategy or management of the Petroleum Fund, including the making of recommendations as to such changes.

2. The Board may additionally provide advice concerning other related issues at the request of the Minister of Planning and Finance.

Article 5 Meetings

1. Regular meetings of the Board shall be held four times per year, to be held during the first month following the end of each calendar quarter unless otherwise decided by the Chairman.
2. Special Meetings of the Board may be called by the Chairman, and shall be called within five working days of receipt of a written application of a majority of members.
3. The Chairman shall without delay notify the members of the Board on receipt of a request for advice from the Minister and shall convene a meeting to meet the deadline for submitting such advice.
4. Meetings of the Board shall be convened by communicating the time, venue and agenda of the meeting to all members of the Board in a notice of meeting in written or electronic form at least seven working days before the date of the meeting except in exceptional circumstances where a meeting may be convened at shorter notice.
5. Notice of cancellation or postponement of a meeting of the Board shall be communicated to the members of the Board in an appropriate and expeditious manner.
6. The Agenda for the Meeting shall be determined by the Secretary after consultation with the Chairman. Any member may present questions or issues for inclusion in the meeting agenda to the Secretary.
7. Members shall adopt the agenda at the beginning of each meeting and may delete, defer or amend items. Items may be added to the agenda with the agreement of the Chairman.

Article 6 Quorum

1. The quorum for meetings of the Board shall be three persons.
2. A member of the Board shall be deemed to be in attendance at a meeting if in communication by telephone or teleconference, provided that he or she is capable of fully participating in all discussions and decisions.

Article 7
Voting Procedures

1. The Board shall strive to reach decisions by consensus. If efforts to reach a consensus fail, the matter shall be resolved by vote.
2. In considering motions put before the Board, each member of the Board present at a meeting shall have a single vote, being either for or against the motion.
3. Members may abstain from voting on an issue.
4. The minutes of the meeting shall record the number of votes for and against, and shall note the number of abstentions.
5. Members shall have the right to request inclusion in the minutes of a brief explanation of the arguments they have presented to the meeting with respect to their vote.
6. Members having a conflict of interest in a motion shall refrain from voting on that motion, and the name of the member shall be recorded as “Absent for the vote due to a declared conflict of interest.”
7. In the event of a tied vote, the Chairman shall have an additional casting vote.

Article 8
Financial Arrangements

1. The Board shall have no income.
2. The Board’s secretarial expenses shall be met by the central bank.
3. The remuneration of the members of the Board shall be met by the Minister of Planning and Finance.
4. The Board shall have the power to propose, review and ratify expenditure within the budget allocated for the purpose relating to the conduct of its business.

Article 9
Minutes

1. The proceedings of the meetings of the Board shall be recorded in minutes.
2. The Secretary of the Board shall prepare minutes of all meetings and submit the minutes to the Chairman of the meeting for approval.
3. Minutes of the meetings of the Board shall be signed by the Chairman, or the member presiding at the meeting, and the Secretary.

4. Minutes of the meeting of the Board shall be presented for approval at the following meeting of the Board.
5. All approved minutes of the Board are deemed to be public records, with the exception of confidential matters.
6. The Minutes of the Board shall be published, with confidential matters omitted, at a time or times to be determined by the Chairman.

Article 10
Appointment of Committees and other bodies

The Board shall have the power to appoint committees, sub-committees, working groups, and similar groups in order to expedite the conduct of its business, and to determine the terms of reference and powers relating to such appointments.

Article 11
Modification of Rules of Procedure

1. All proposed changes to these Rules of Procedure shall be notified in writing to the Members of the Board with the notice of meeting at which the proposal is to be considered.
2. These Rules of Procedure may be modified by a minimum of three members at a meeting of the Board for which proper notice has been given under section 1.
3. These Rules and any amendments thereto shall be published.

Approved at the meeting of the Board held on 18th April 2006.

Chairman

ANNEX A

STANDARDS OF CONDUCT, CONFIDENTIALITY, TRAVEL AND STATUTORY DECLARATIONS

1: Standards of conduct

Members of the Investment Advisory Board (herein, “members”), when performing their official duties, shall at all times conduct themselves in a manner befitting their responsibilities. Members shall at all times exercise discretion and tact in the performance of their duties.

Members shall not seek or receive instruction from any government.

Members shall not directly or indirectly solicit or accept gifts from any source that would compromise their independence as IAB members.

2: Confidentiality

Members shall safeguard from public disclosure any information received in their official capacity from any party associated with the management of the Petroleum Fund, the Board, the Secretariat, or a member of the public, where the information is designated by that entity as confidential or proprietary.

Members shall not use for personal gain information acquired in their official capacity, unless such information is in the public domain or such use is authorized by the Board.

Members shall comply with such rules and procedures as the Board may adopt regarding the disclosure and use of information and materials of the Board.

3: Travel

All official travel undertaken by members must be authorised in advance of the travel taking place, and the existence of sufficient budgetary provision confirmed.

Payment for official travel expenses will be based on reasonable and documented expenditures for accommodation, meals, business class air fares and related expenditures.

4: Declarations of Assets and Income

Members shall submit Declarations of Assets in accordance with the Petroleum Fund law and these Rules of Procedure.

