

Statutes of the Association

“VID - Verband der Insolvenzverwalter Deutschlands e.V.”
[Registered Association of Insolvency Administrators in Germany]

Section 1

Name, seat, financial year

- 1.1. **The name of the Association is**
“VID - Verband der Insolvenzverwalter Deutschlands e.V.”
[Registered Association of Insolvency Administrators in Germany]
- 1.2. The Association is based in Frankfurt am Main.
- 1.3. The financial year is the calendar year.
- 1.4. The Association is entered in the Register of Associations held by the District Court of Frankfurt/Main under number VR

Section 2

Purpose

- 2.1. **The purpose of the Association is to represent the interests of its members in all matters relating to insolvency law, to raise the profile of insolvency law, and to promote the training and professional development of those working in this field. These aims are expressly pursued in the following ways:**
 - a) By encouraging persons, corporations, courts and local authorities engaged in the application of insolvency law to share their experiences, notably through joint meetings, conferences and presentations
 - b) By encouraging collaboration between persons, courts, local authorities, societies and associations active in the field of insolvency law
 - c) By encouraging the development of the rising generation of administrators and by training staff, especially in the field of insolvency law, through in-service training events, etc.

- d) By cooperating with foreign and international insolvency law associations
- e) By issuing statements on bills relating to insolvency law, with a view to creating and developing a legislative framework conducive to the viable and practicable conduct of insolvency proceedings
- f) By exerting an influence on the development and constitution of cross-border insolvency law
- g) By engaging in public relations work

2.2. The Association is a non-profit organisation, strictly and directly pursuing “tax-favoured purposes” as defined in the German Tax Code. The work of the Association is altruistic and non-profit-making.

2.3. Association funds may be used for statutory aims and purposes only.

2.4. The members of the Association receive no capital gains, nor do they receive any other benefits from the Association funds in their capacity as members.

2.5. No person may be given preferential treatment by way of expenses which are alien to the purpose of the Association or through disproportionately high allowances.

Section 3 Membership

3.1. The Association has full members, associate members and honorary members.

- 3.2.
 - a) **Full membership of the Association is only open to individuals who have been acting as business insolvency practitioners for at least five years.**
 - b) **The Association may approve individuals by way of exception where the criteria in 3.2.a) are not met.**

3.3. Associate membership may be conferred on persons effectively engaged in promoting and advancing insolvency law in academic, judicial or administrative circles and in the vocational training and development of the professionals working in this field.

3.4. Honorary membership

- a) **Honorary membership may be conferred on persons who have rendered outstanding services to the work and aims of the Association.**
- b) Honorary membership may be disallowed for cause.

c) The award and denial of honorary membership shall be subject to a prior resolution passed at the meeting of members.

Section 4

Admission procedure

1.1. Applications for full membership must be made in writing to the Association office, accompanied by a statement of acknowledgment and acceptance of the Statutes and the Code of Conduct as per Section 13 of the Statutes.

1.2. The Committee shall make the decisions regarding eligibility for admission. In cases where the criteria set out in 3.2.a) are not met, the Committee shall be required to seek the approval of the Advisory Council.

1.3. Any applicant turned down for membership may submit a written appeal to the Chairman of the Association within one month of the negative decision. The meeting of members shall decide on the appeal.

1.4. The Committee shall make the decisions regarding the admission of associate members, subject to the agreement of the Advisory Council. Applicants may not appeal against a negative decision.

Section 5

Termination of membership

5. Membership shall terminate:

5.1. on death,

5.2. on resignation from the Association, as is possible at the end of any given year subject to six months' written notice to the Committee. Giving notice of resignation is not tantamount to being exempt from the obligations applicable to the period of membership and adopted in accordance with the Statutes during the term of membership,

5.3. on expulsion from the Association.

5.4. No claim may be made on termination of membership to any share in the Association funds.

Section 6

Duties of full members

6. Full members are required:

6.1. to do their utmost to further the aims and standing of the Association,

6.2. to discharge their obligations under the Statutes and follow the Code of Conduct applicable to members at any given time,

6.3. to provide the Association with any information which is required to clarify any issues in the interests of the Association, as might notably be the case, for example, in situations where a grievance has been brought against a member, and to do so without delay and within a maximum period of one month, submitting said information in writing for the attention of the Chairman or having it placed on record,

6.4. to notify the Association of any change of address or changes to communication systems without being asked or reminded. In the event of the neglect of this duty any items sent out by the Association to the old address shall be deemed to have been received within three days of posting or faxing,

6.5. to meet their obligations with regard to compulsory contributions.

6.6. Members are to indicate their membership of the Association to external bodies in an appropriate manner.

Section 7

Membership fees, contributions

7.1. Full members pay annual membership fees. The amount and the date on which the fees are due for payment are decided on by the meeting of members.

7.2. In addition to the membership fee each full member is required to contribute to expenses in the form of advance payments and, if applicable, additional contributions where the same are required to cover the balance of costs of the Association and have been approved by the meeting of members.

7.3. Associate members and honorary members are not required to pay membership fees or contributions to expenses.

Section 8

Disciplinary action for breach of duty

8.1. Neglect of membership duties, including failure to comply with the Code of Conduct as set out in Section 13, may result in disciplinary action in the form of

- a) a reprimand or
- b) expulsion,

depending on the gravity of the situation.

8.2. The Committee shall decide on reprimands and expulsions. Any decision on expulsion shall be taken by the Committee after hearing the party in question and shall be subject to the approval of the Advisory Council.

8.3. Any member subject to reprimand or expulsion may appeal against the action in writing within one month to the Chairman of the Association. A decision shall be taken regarding the appeal at the next annual general meeting of members.

8.4. In cases where a member appeals against expulsion the rights of that member shall be temporarily suspended until such time as a decision is made on the appeal in the meeting of members.

Section 9

Organs

The organs governing the Association are as follows:

1. The Committee
2. The Advisory Council
3. The meeting of members.

Section 10 Committee

10.1. The Committee shall comprise the Chairman of the Association and four representatives. The Committee shall nominate one of its representatives for the office of Treasurer.

10.2. The Chairman and representatives shall form the Committee as defined by Section 26 of the German Civil Code. The Association shall be represented judicially and extra-judicially by the Chairman or a representative. Internal arrangements are such that the representatives shall only be authorised to deputise in the event of the Chairman's indisposition.

10.3. The Committee is elected by the meeting of members for a term of four years. The Committee shall remain in office until such time as it is re-elected. If a member of the Committee should resign during the term of office then the Advisory Council and the remaining members of the Committee shall jointly elect a replacement member.

10.4. The Committee shall be responsible for the administration of the Association, having the following remit:

- a) Adopt resolutions at the meeting of members;
- b) Summon and arrange the meeting of members;
- c) Keep accounts and prepare annual financial report;
- d) Admit and exclude members and take other disciplinary action in response to breach of duty as set out in the Statutes;
- e) Establish and end contractual relations of the Association;
- f) Administrate cash.

10.5. The Committee shall maintain an office and may appoint a manager.

10.6. The Committee shall pass resolutions by a simple majority of votes cast. If fewer than three members of the Committee are present then this shall not constitute a quorum. Resolutions may also be passed by a circulation procedure or written consent in lieu of a meeting.

Section 11

Advisory Council

11.1. The Advisory Council shall comprise five members. It is elected by the meeting of members for a term of four years. The Advisory Council shall remain in office until such time as it is re-elected. If a member should resign during the term of office then the Advisory Council shall elect a replacement member for the remaining tenure of office.

11.2. The Advisory Council shall elect one of its members to act as its spokesperson to the other bodies.

11.3. The Advisory Council shall convene regularly, meeting at least once in every calendar year. The meetings shall be called by the spokesperson of the Advisory Council. The spokesperson may also summon extraordinary meetings. The Committee members may attend the meetings of the Advisory Council but are not entitled to vote at these meetings unless stipulated otherwise in these Statutes.

11.4. The Advisory Council shall advise and support the Committee in all the affairs of the Association, especially with regard to professional and organisational issues. The Advisory Council also has the following responsibilities:

- a) Assist with the admission and expulsion of members and with other disciplinary action in response to breach of duty as set out in the Statutes;
- b) Oversee the administration of cash;

11.5. Resolutions adopted by the Advisory Council require a simple majority of the votes cast. If fewer than three members of the Advisory Council are present then this shall not constitute a quorum. Resolutions may also be passed by a circulation procedure or written consent in lieu of a meeting.

Section 12

Meeting of members

12.1. The meeting of members shall be accountable for all tasks save for those assigned to the Committee or Advisory Council. It shall have sole responsibility for the following:

- a) Setting of membership rates and date of payment;

- b) Election and dismissal of members of the Committee and Advisory Council, unless stipulated otherwise in these Statutes;
- c) Amendments to the Statutes;
- d) Dissolution of the Association;
- e) Acceptance of annual report issued by Committee and Advisory Council;
- f) Granting of formal approval to the actions of the Committee and Advisory Council;
- g) Cooperation with, and membership of, foreign and international insolvency law organisations

12.2. The annual general meeting of members is to be held in the first six months of any financial year. An extraordinary meeting of members shall be convened if a joint decision is taken to this end by the Committee and Advisory Council with a simple majority in each case, or if 3/10 of the Association members submit written requests for such a meeting, stating their reasons.

Only the members of the Association are eligible to take an active part in the meeting of members. The Committee may allow non-members to be present. Voting rights are conferred on full members only.

12.3. The meeting of members shall be convened by the Chairman or a deputy in writing, giving at least six weeks' notice and enclosing the agenda. The period of notice shall begin on the day after the last letter of invitation is posted. The letter of invitation shall be deemed to have been received by members if sent to the address last made known to the Committee.

The agenda shall include any items and motions proposed by members if their inclusion was requested at least eight weeks before the date of the members' meeting. Resolutions may only be passed on items included on the agenda.

12.4. Meetings of members shall be chaired by the Chairman of the Association or by a deputy in his absence. If no member of the Committee is present then the meeting shall elect the chair. The spokesperson of the Advisory Council or, in his absence, his deputy shall chair the part of the meeting during which the members of the Committee are elected.

The voting methods shall be decided on by the chair of the meeting. Votes shall be cast by secret ballot.

12.5. The meeting of members shall be deemed quorate if at least 10% of the voting members are present. Members may arrange for other members to exercise their voting right by proxy.

Amendments to the Statutes require a 2/3 majority, and dissolution of the Association a 4/5 majority of the votes cast. Otherwise resolutions shall be passed by a simple majority of members present and of members represented by proxy, not counting abstentions.

12.6. In Committee elections the Chairman shall be elected separately from the other members of the Committee. When electing a Chairman from among several nominees the ballot shall be deemed to have been won by the candidate with over half of the votes cast. If no candidate gets this many votes then a second ballot shall be held between the two candidates with the highest number of votes. If the two nominees gain an equal number of votes in the second ballot then it shall be decided by lot, drawn by the chair of the meeting.

As far as the other members of the Committee are concerned the ballot shall be deemed to have been won by the person who gets the most votes. Block voting is allowed.

12.7. Minutes must be taken at every meeting of members by a member of the Committee or the manager and signed by the minute-taker and the chair of the meeting. The minutes must contain the following information:

- Date and time of meeting;
- Name of the chair of meeting and minute secretary;
- Number of members present;
- Establishment of due convocation and quorum;
- Agenda;
- Motions submitted;
- Results of votes;
- Method of voting;
- Any objections to resolutions.

Motions and resolutions regarding amendments of the Statutes must be recorded verbatim in the minutes.

Section 13

Code of Conduct

13.1. Members shall foster helpful and considerate relations with each other, always seeking to resolve conflicts among colleagues in a businesslike manner.

13.2. Should this prove impossible in individual cases then a member of the Association shall be called in to mediate at the request of both parties before resorting to legal action. If the members cannot agree on an intermediary then the Committee shall appoint one at the request of one member.

13.3. The Association has introduced a Code of Conduct binding upon its members. It may be amended, annulled, or replaced by a new Code of Conduct by the meeting of members subject to a 2/3 majority.

All members shall be issued with the Code of Conduct and informed of any amendments/additions to the same.

Section 14

Dissolution of the Association

The Association may only be dissolved in a meeting of members subject to a resolution passed by the majority specified in Section 12. Unless decided otherwise by the meeting of members, the Chairman and representatives shall act as the liquidators with power of representation. This stipulation shall apply analogously to the case of dissolution of the Association for another reason or the loss of its legal personality. The final meeting of members shall decide on any funds still held at the end of the process.

In the event of the dissolution of the Association or in the event of the tax-favoured purposes falling away, the assets are to be used for tax-favoured purposes. Resolutions about the future use of the assets may only be carried after consultation with the tax authorities.