Rules of Procedure for the Board of the Labour Market Pension Fund (AMEG)

General Information on the Rules of Procedure

§ 1

According to §6, subsection 3 of Parliamentary Act No. 39 dated 7 May 1991 on the Labour Market Pension Fund, with later amendments, these Rules of Procedure shall apply to the board of the Labour Market Pension Fund. The Rules of Procedure enter into force when adopted by the Board in accordance with §2 of these Rules of Procedure and approved by the Minister in accordance to § 6, subsection 3 of the above-mentioned Act.

§ 2

These Rules of Procedure may be amended upon proposal by Board members if two-thirds of the Board support the amendment. Such amendments enter into force once approved by both the Board and the Minister, as set out in § 1 above, in accordance with § 6, subsection 3 of the above-mentioned act on the Labour Market Pension Fund.

Appointment of Board Members

§ 3

The Minister appoints the Board members according to § 6, subsection 1 of the Act on the Labour Market Pension Fund. The members are appointed as follows: one representing the employers, one representing the employees, and the Director of the Governmental Bank of the Faroe Islands. Members are appointed for a term of three years. A Board member may resign by notifying the Minister. The notification to the Minister must be in writing, with a copy provided to the Board.

§ 3 a

When a Board member leaves the Board, he or she must immediately return or properly dispose of all material he og she has received in the capacity of being a Board member.

Management of the Fund

§ 4

The Board is the supreme governing body of the Fund and bears the ultimate responsibility for all matters concerning the fund. The Board shall manage the fund in accordance with the Act on the Labour Market Pension Fund, regulations issued under that Act, these Rules of Procedure, and principles of good governance.

§ 5

The chairman of the Board is the Director of the Governmental Bank of the Faroe Islands, according to § 6, subsection 1 of the Act on the Labour Market Pension Fund.

§ 6

The Board may, as necessary, enter into specific agreements regarding the administration of benefit payments, asset management, and related matters.

§ 7

The Chairman shall sign on behalf of the Fund in all ordinary matters and may grant powers of attorney for such matters. Decisions concerning lending, pledging Fund assets, or borrowing require the approval of two-thirds of the Board members.

Board Meetings

§ 8

The Chairman is responsible for ensuring that board meetings are held when necessary. Board meetings should, as far as possible, be notified with seven days' notice. Together with the notice of the meeting, all meeting materials should, as far as possible, be included. The Chairman leads the Board meetings.

At least one Board meeting must be held every six months. A meeting must be held if requested by a Board member.

Representatives from TAKS, the Faroese Tax Authority, shall be summoned to meetings as needed.

The Board's auditor is entitled to attend and speak at meetings where the financial statements are discussed and is obligated to attend if requested by a Board member.

Quorum

§ 9

The Board constitutes a quorum when meetings has been convened in accordance with § 8 of these Rules of Procedure, and when more than half of the board members are present. Decisions are made by simple majority vote. In the event of a tie, the Chairman has the casting vote.

If a matter requires a specific majority under these Rules of Procedure, such a decision is only adopted when the required majority is met. Board decisions may be appealed to the Minister in accordance with § 7 of the Act on the Labour Market Pension Fund.

Conflicts of Interest

§ 10

A Board member, or any institutions with which the Board has entered into an agreement according to § 6 of these Rules of Procedure, may not participate in the consideration of matters that concerning themselves or matters in which they have a particular personal interest. A Board member who is entitled under the Act on the Labour Market Pension Fund to receive benefits from the Fund, is not considered to have a conflict of interest solely on that basis.

Minutes

§ 11

Minutes shall be kept of all Board meetings and matters discussed.

The minutes must also record the members present, confirmation that a quorum was present, as well as the agenda and the date of the meeting. The Chairman is responsible for ensuring that the minutes are written and presented for the board members to sign. By signing, members confirm their approval of the minutes. If a member disagrees with a decision, this must be noted in the minutes if requested.

§ 12

Board members who were not present at a meeting shall subsequently acknowledge in the minutes that they have reviewed its contents.

Annual Accounts

§ 13

The Board is responsible for preparing and presenting annual accounts in accordance with good accounting practices. The annual accounts, audited according to § 15 of these Rules of Procedure, must be completed and approved by the Board no later than six months after the end of the financial year. Along with the annual accounts, the Board shall prepare an annual report. The financial year runs from 1st January to 31st December.

§ 14

Each year, no later than six months after the end of the financial year, the Board shall hold a meeting to approve the accounts of the Labour Market Pension Fund. The agenda of the meeting shall be in accordance with § 15 of these Rules of Procedure. At this meeting, a Chairman of the meeting shall be elected, who may not be the Chairman of the Fund. Minutes of the meeting shall be kept as set out in § 11 of these Rules of Procedure.

§ 15

The annual meeting according to §14, shall have the following agenda:

- Report from the Chairman
- Approval of the annual accounts
- Election of auditor
- Other matters

Audit

§ 16

In accordance with § 15 of these Rules of Procedure, the Board shall appoint an auditor to audit the annual accounts. The Board is responsible for providing the auditor with all information the auditor deems necessary to conduct a satisfactory audit of the annual accounts, including information required to assess the Fund's assets and liabilities, financial position, and results.

§ 17

In connection with the audit, the auditor shall prepare an audit protocol, which must be presented to the Board at the first Board meeting after the protocol has been delivered. The Board shall acknowledge, by signature, that it has reviewed the contents of the audit protocol.

Confidentiality

§ 18

Board members are bound by confidentiality regarding all matters concerning the Fund that they become aware of through their service as Board members. This does not apply to matters intended for public disclosure.

Management of the Fund's Assets

§ 19

The Fund shall in all respects manage its assets in the best possible manner, for the benefit of the Fund, and in accordance with the regulation laid down by the Minister pursuant to § 5, subsection 3 of the Act on the Labour Market Pension Fund. Within these parameters, the Board may adopt more detailed regulations for the management of the Fund's assets, including internal control procedures. The Board may enter into an agreement with the Governmental Bank for the management of the assets.

Payments from the Fund

§ 20

The Fund shall pay labour market pensions in accordance with Part 3 of the Act on the Labour Market Pension Fund, and otherwise in accordance with the regulations laid down by the Minister according to § 5, subsection 2 of the Act. The Board may, when necessary and within these parameters, establish more detailed rules concerning payments from the fund.

Remuneration

§ 21

The Board shall lay down rules concerning the remuneration for its work on behalf of the Fund. The remuneration must be approved by the Minister.

Write-offs

§ 22

The Board shall establish detailed rules regarding when claims, according to part 2 of the Act on the Labour Market Pension Fund, may be written off. These rules must be approved by the Minister.

Labour market contributions owed by companies registered with the Faroese Company Register (Skráseting Føroya) shall be written off when the companies has been removed from the register and notification has been received that no assets exist to cover the claim.

For other companies and institutions, TAKS shall maintain collection efforts until the debt has been recovered or until the company/institution ceases to exist.

Entry into Force, etc.

§ 23

These Rules of Procedure shall enter into force as set out in §§ 1 and 2 above. All Board members shall sign the Rules of Procedure. Each Board member shall receive a copy thereof. Institutions with which the Fund has entered into agreements pursuant to Section 6 shall likewise be informed of these Rules in an appropriate manner.

Board of the Labour Market Pension Fund (AMEG)

Tórshavn, date: _____

Approved by the Government of the Faroe Islands

Tórshavn, date: _____