



RIPE NCC

RIPE NETWORK COORDINATION CENTRE

Treasury Statute RIPE NCC

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Purpose of the Treasury Statute

The purpose of this document is to set out the principles regarding the stable management of the RIPE NCC's financial reserves. The RIPE NCC has a very conservative financial policy aimed at minimising the risk for its assets. Stable financial asset management must be achieved with respect to the principles of public accountability, and in compliance with the principles set out over the years for the sound management of the financial reserves.

The Treasury Statute addresses the risks encountered by the RIPE NCC related to its activities and establishes a framework of management for those risks.

The documentation and enhancement of a treasury risk management framework is necessary to ensure stability in asset management and consistent practices. This document will also prevent the exposure of funds to risks outside of the limits acceptable to the RIPE NCC.

2. Principles of the financial policy in terms of return and risk

General

The financial principles are agreed upon by the Executive Board and the RIPE NCC Management and are aimed at risk reduction and financial stability. These principles are:

- The general financial policy is very conservative.
- The assets are spread over low-risk asset classes to decrease counterparty risk from, for instance, financial institutions.
- The main goal for the assets of the RIPE NCC is to minimise the risk by preserving the principal amount at the best possible return.
- The assets are spread across more than one currency to decrease the exposure towards one single currency.
- The assets denominated in other currencies may accumulate to a maximum of 50% of the total financial reserve.
- Most funds must be available to the RIPE NCC organisation at all times. Liquidity of funds is an important factor for unforeseen financial circumstances.
- There will be a tiered structure for the maturity and liquidity of investments.

- Investment assets at banks are held segregated from the bank balance in a separated entity (the Custodian) at all times. If a bank defaults, these assets are owned by the RIPE NCC and will not be part of the bank defaulting.

Working capital

Working capital is defined as: annual contributions +20% of the total reserves.

Return

The RIPE NCC does not have the management of its financial reserves as a goal. Return on the assets is subject to the minimisation of risk. The RIPE NCC aims at an overall target return of: 12-months Euribor* + 0.5%.

* The Euribor (Euro Interbank Offered Rate) is the benchmark rate offered by one bank to another primary bank on the interbank money market at which deposits with maturity up to one year in Euro are offered within the European Economic and Monetary Union. Euribor rates are available for all maturities from one up to 12 months.

Strategic asset mix:

Strategic Asset Mix			
	Minimum	Standard	Maximum
a. Fixed income	10%	40%	50%
b. Deposits	10%	55%	60%
c. Current account	0%	5%	10%
d. Equity	0%	0%	0%
Total		100%	

The strategic asset mix will be divided into three parts: short-, mid- and long-term reserves. Each part has its own asset mix:

- **Short-term reserves (working capital) (<1 year), very low risk (30%):**

Strategic Asset Mix			
	Minimum	Standard	Maximum
a. Fixed income	0%	10%	20%
b. Deposits	10%	15%	30%
c. Current account	0%	5%	10%
Total short-term reserves		30%	

- **Mid-term reserves (working capital) (>1 year, <3 years), very low risk (60%):**

Strategic Asset Mix			
	Minimum	Standard	Maximum
a. Fixed income	10%	20%	25%
b. Deposits	20%	35%	40%
c. Current account	0%	5%	10%
Total mid-term reserves		60%	

- **Long-term reserves (surplus) (>3 years), very low risk (10%):**

Strategic Asset Mix			
	Minimum	Standard	Maximum
a. Fixed income	0%	10%	10%
b. Deposits	0%	0%	0%
Total short-term reserves		10%	

3. Financial instruments and financial arrangements

Guidelines on investment:

General:

All investments apart from deposits must be callable daily (daily liquidity).

Fixed income:

- Fixed income investments can be denominated in Euro or in other currencies that are instantly exchangeable with the Euro;
- The investments in non-Euro denominated bonds and securities will amount to more than 0% of total fixed income but less than 35% of the total fixed income portfolio.
- Fixed income should be rated at the highest current rating: at the moment, this is at least S&P AA, Moody's AA2 or higher;
- At least 70% of the bonds must be government bonds of the highest current rating. In principle, this will be outstanding quality (AAA), but in case no country meets this criterion, it will be the next highest rating;
- In case a fixed income asset is downgraded, the Executive Board together with the MD and Finance Manager will jointly decide on whether this asset can be retained or will be sold;
- The fixed income must be spread across a diversity of countries with an aim to have four or more countries at an equal footing within the portfolio at any point in time;
- The fixed income must be liquid and tradeable daily in an efficient market;
- The fixed income assets will not actively be traded and will have a good spread across maturity;

- The fixed income part of the strategies can be placed in individual bonds.
The remaining duration to maturity of individual bonds is a maximum of 10 years.

Description	Moody's	S&P
Prime	Aaa	AAA
High grade	Aa1	AA+
	Aa2	AA
	Aa3	AA-
Upper Medium grade	A1	A+
	A2	A
	A3	A-
Lower Medium grade	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-

Deposits:

- Deposits will be placed with first-class banks, rated at the best current bank grade or the second-best current bank grade;
- Deposits will have a rolling maturity over the course of the year;
- Deposits with any one organisation should not account for more than 49% of the total of all deposits;
- Deposits will have a duration that reflects the yield curve and thus may vary over time but should not exceed one year.

Current account:

- Cash accounts can be held in EUR and in foreign currency such as USD and AED.
- A cash account is held in USD to cover USD obligations for a 24-month period.

Monitoring of investments and deposits

All investments and deposits will be actively reviewed and monitored by the Finance Manager and the Treasurer of the Executive Board. On a monthly basis, a short report will be presented to the Executive Board. On a quarterly basis, an extensive report, including advisories from the different financial institutions will be provided to the Executive Board and RIPE NCC management. Discussion on the investments, deposits and the Treasury statute will take place when needed but at least once a year will be part of the Executive Board meeting for review.

4. Banking facilities

Approved counterparties

RIPE NCC banking activity may only be transacted with counterparties for whom approval has been granted by the Executive Board. These counterparties shall be first-class institutions and be rated at the highest current bank grade or the second-highest current bank grade. If an institution rates for a period of more than half

year lower than these two highest grades, it will be removed from the approved counterparties list, and the deposits will be transferred to another institution.

5. Third parties

RIPE NCC management may consult third parties on a regular basis for financial advice or for support in asset management reporting. These third parties must comply with this document. RIPE NCC management will provide a copy of this document to these third parties. Third parties must refer to this document in their contract with the RIPE NCC.

Preferably, third-party advisors will have a quality certification such as SAS-70 type II.

6. Code of conduct

All individual members of the Executive Board, RIPE NCC management and third parties should act according to the highest ethical standards regarding this document in all circumstances. This means that all members must avoid any conflict of interest between private and business interests.

Compliance with this code will periodically be discussed in the meetings between the Executive Board and RIPE NCC management. Apparent doubt as to compliance with this code will be reported directly in these meetings.

7. Delegated authority framework

All activities are authorised by dual authorisation. The transfer of funds must meet the requirements stipulated by the Financial Transaction Authorisation Procedure.

Activity	Delegated Authority	Parameters
Banking		
Opening bank account	MD + Finance Manager	Must be an approved counterparty
Closing bank account	MD + Finance Manager	Must be an approved counterparty
Financial markets		
Approval of short-term investment strategy	Treasurer + MD	Must be approved by the Board
Approval of mid-term investment strategy	Treasurer + MD	Must be approved by the Board
Approval of long-term investment strategy	Treasurer + MD	Must be approved by the Board
Fixed Income		
Establishing fixed income	Treasurer + MD	Must be an approved counterparty
Deposits		
Establishing credit arrangements	MD + Finance Manager	Must be an approved counterparty

Information provision	Frequency	Reporting line
Short-term investments	Monthly	Finance Manager to Board
Mid-term investments	Quarterly	Finance Manager to Board
Long-term investments	Quarterly	Finance Manager to Board
Investment performance	Quarterly	Finance Manager to Board
Overall asset-mix	Quarterly	Finance Manager to Board
Risk management report	Quarterly	Finance Manager to Board

This procedure was originally approved on: 14 December 2010

This version was approved on: 23 September 2021 (If indeed approved)

This version will be reviewed by: 21 June 2022


Contact person:

The following person may be approached on a routine basis in relation to this procedure:

S.J. Haytink, Finance Manager

This document is agreed upon by the RIPE NCC Executive Board:

Signature


DocuSigned by:

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C. Kaufmann, Chairman

Signature


DocuSigned by:

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O. Filip, Treasurer

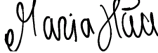
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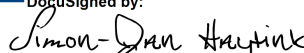
And the RIPE NCC Management:

Signature

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