

# **Appendix L**

## **Central Re-Guaranty Association** **Model By-Laws**

**CENTRAL RE-GUARANTY ASSOCIATION**  
**(An Authorized Association)**

**BYLAWS**

**§ 1. Name:**

The name of the organization shall be the Central Re-Guaranty Association, hereafter referred to as "CRA".

**§ 2. Offices:**

The offices of CRA shall be located in \_\_\_\_\_, Peoples Republic of China and in such other locations as may be determined by the Board of Directors.

**§ 3. Authorized Organization:**

The CRA is authorized under the \_\_\_\_\_ Act of \_\_\_\_\_, as passed by the National Peoples Congress on the \_\_\_\_\_ day of \_\_\_\_\_, 2001 and shall be operated under the laws of the Peoples Republic of China.

The primary activity of the CRA is to provide loan guaranty or re-guaranty Programs for the purpose of increasing loans to Small and Medium Enterprises, (SME), in the Peoples Republic of China and for other purposes that support the establishment and growth of SMEs.

**§ 4. Description of Membership**

Any member of the CRA in good standing may use the following phrases to describe its membership:

- a. "Member of the Central Re-Guaranty Association, a national association supporting loans made to Small and Medium Size Businesses within the Peoples Republic of China" or
- b. "Member of CRA".

Use of these phrases shall not constitute any type of endorsement from the CRA. Unauthorized use of the name of the CRA or its logo by a member shall constitute cause to remove such member from the CRA in addition to any legal actions that are allowed under the laws of the Peoples Republic of China.

## **§ 5. Membership**

Each member of the CRA shall have one vote.

The CRA shall have the following classes of membership:

- a. Those State Government Agencies so appointed by the National Peoples Congress or its designee. The total National Government membership shall not exceed \_\_\_ % of the voting membership of the CRA.
- b. Each Provincial Re-Guaranty Authority, having an active re-guaranty Program, shall be given one voting membership in the CRA.
- c. Each City Re-Guaranty authority, where a Provincial Re-Guaranty Program is not being operated, shall be awarded one voting membership in the CRA.
- d. Each Private Sector Guaranty entity located where a City or Provincial Re-Guaranty Program is not operating shall be awarded one voting membership in the CRA.
- e. Individual lenders, where loan guaranty Programs have not been established or currently operating may be members of the CRA so that they may participate in the Programs and services of the CRA, however, such members will be non-voting members and shall not be a member of the Board of Directors.
- f. The Board of Directors may from time to time permit non-voting Associate Memberships to organizations and individuals that might assist in the development and promotion of the CRA and the Programs and services provided by it.

## **§ 6 Conditions of Membership**

The following conditions shall be followed for all memberships.

- a. All applications for membership shall be submitted on forms and in a manner so required by the CRA. All applications shall be subject to the review of the Board of Directors or its designee. By execution and submission of the application for membership, the applicant shall be deemed to have agreed to accept and comply with the bylaws, Code of Ethics and conditions set-forth in all Regulations and Operating Procedures of the CRA and the Programs and services operated by the CRA as then in effect, or as they may from time to time be adopted or amended.

- b. Only those members holding voting memberships shall have the right to vote in the affairs of the CRA.
- c. Organizations holding voting memberships shall designate in writing to the Director of the CRA its designated individual representative who shall be known as the “Member of Record.”
- d. An individual shall not be appointed by more than one member organization as a ‘Member of Record’.

## **§ 7 Membership Dues and Assessments**

- a. Annual Dues payable to the CRA by members shall be in such amounts as shall be determined by resolution of the Board of Directors. Dues shall be payable for the first year on admission to membership and annually thereafter or as such time or times as may be fixed by the Board of Directors.
- b. Assessments on each member shall be made for the purpose of allocation of fees for the re-guaranty service, (hereafter referred to re-guaranty fees), to be provided by the CRA in accordance with the process contained in these By-Laws and Regulations or in subsequently issued By-Laws or Regulations that may be issued from time to time by the CRA with the approval of the Board of Directors.
- c. The CRA may, with the approval of the Board of Directors, make special one-time assessments on the membership to cover special projects or costs not anticipated or request voluntary donations for such special projects or un-anticipated costs.
- d. The CRA may raise funds, beyond membership fees or special assessments on its members, from the public and private sector to further the support of services being provided to strengthen SME activity in the Peoples Republic of China. Such activities must be approved by the Board of Directors.

## **§ 8. Termination of Membership**

Membership in the CRA shall be terminated upon the finding of any of the following conditions:

- a. Upon the receipt of a member’s written request for such termination by the Director of the CRA.

- b. When a member becomes delinquent in payment of dues for a period of sixty, (60), days.
- c. When a member becomes delinquent in the payment of any re-guaranty fees within the timeframe stipulated in any Laws, Regulations or Procedures setout for the CRA's Re-Guaranty Program.
- d. Upon the two-thirds affirmative vote of the Board of Directors present at any meeting of the Board of Directors at which a quorum is present. Causes include, but are not limited to, dissolution of the member, substantial violation of any Laws, Regulations and Procedures as may be determined by the Board and such violation of the Code of Ethics that, in the opinion of the Board, reflects negatively on the industry.

## **§ 9. Effect of Termination**

Termination as a member shall not relieve the member from any obligation incurred prior to the date of termination including any ongoing fees agreed to prior to the date of termination, including but not limited to, the re-guaranty fees on existing portfolios. Such termination will not effect the obligation of the member to adhere to any Laws, Regulations or Procedures connected with the Re-Guaranty Program for as long as the Re-Guaranty of the member's portfolio(s) is in effect.

## **§ 10. Meetings of Members and Voting**

- a. Annual Meetings: The annual business meeting of the CRA shall be held at such place and on such dates as may be determined by the Board of Directors.
- b. Special Meetings: The Board of Directors may call special meetings of the members, the Chairman of the Board or by the Director of the CRA. A special meeting shall be called by the Chairman of the Board upon receipt of a written request of 5% of the voting membership. Notice of the special meeting shall be provided within thirty, (30) days after the filing of such request with the Director. The business to be transacted at any special meeting shall be stated in the notice thereof, and no other business may be considered at that meeting.
- c. Notice of Meetings: Written notice of every meeting of the members of the CRA at which official business is to be transacted shall be sent to all members by the Secretary or any agent specifically designated by the Secretary. The notice shall be transmitted, (in a form chosen by the Board of Directors), to the last known address, of each member, sent via facsimile to the last given number or sent by e-mail not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If

mailed, the notice shall be sent not less than \_\_\_\_\_ days before the meeting. Such notice shall be deemed to be delivered if the mail is not returned, the facsimile is electronically confirmed, or the e-mail is not returned as undeliverable.

- d. Contents of Notice: The Notice shall state the place, date, and time of the meeting. In the case of regular meetings, the notice shall state those matters which the Board of Directors, at the time of the notice is given, intends to present for action by the members. In the case of special meetings, the notice shall state the matter(s) to be considered.
- e. Waivers, Consents and Approvals: The transactions of any meeting of members, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice of if a quorum is present, either in person or by proxy, or if, either before or after the meeting, a majority of the members entitled to vote sign a written waiver of notice, consent to the holding of the meeting, or approved the minutes of the meeting. All such waivers, consents and approvals shall be filed with the CRA records or made a part of the minutes of the meeting.
- f. Ratification: Members of the CRA may ratify any past action taken by the CRA, its Board of Directors, or officers by an affirmative vote of the majority of the votes represented and voting at any meeting of the CRA at which a quorum is present.
- g. Quorum: A quorum at any meeting shall consist of twenty (20) percent or more of the voting members, represented in person, or by proxy. The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.
- h. Voting by Members: Each individual that has been designated as a Member of Record is entitled to one vote on each matter submitted to a vote of the members. Voting at duly held meetings shall be by voice vote or by written ballot or by other means determined appropriate by the Board of Directors, the Chairman of the Board and/or the Director of the CRA.
  - i. Record Date: The Board of Directors shall fix in advance the record dates for the purpose of determining the members entitled to notice of and to vote at any meeting of the members. The record date for notice purposes shall be not more than ninety, (90) days nor less than ten (10) days before the date of the meeting. The

record date for voting purposes shall be not more than (60) days before the date of the meeting.

- ii. Cumulative Voting: Cumulative voting shall not be allowed for the election of Directors or for any other purpose.
- iii. Proxy Voting: Members entitled to vote shall have the right to do so personally or by a written proxy executed by such person and filed with the CRA. A proxy shall not be valid after the expiration of eleven (11) months from the date issued unless the proxy specifies that it shall expire on a date certain, which shall not exceed three (3) years from the date of issue. Subject to this time limitation, every proxy shall continue in full force and effect until revoked by the person executing it prior to the vote pursuant thereof.

## **§ 11. Action Without Meeting**

Any action that may be taken at any meeting of members may be taken without a meeting provided:

- a. Ballot Requirements: The CRA shall distribute a written ballot to every member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the CRA. The number of votes cast by the ballot within the time period specified must equal or exceed the quorum required to be present at a meeting authorizing the action.
- b. Limitations Pertaining to Election of Directors: Directors may be elected by written ballot or by any electronic form approved by the Board of Directors.
- c. Solicitation of Ballots: Ballots shall be solicited by mail or in any manner required for giving notice of membership meetings as specified in these Bylaws, including such electronic media as may be determined by the Board of Directors. The solicitation shall specify the time by which the ballot shall be returned to the CRA in order to be counted.
- d. Revocation of Ballot: A written ballot may not be revoked after the expiration of the return date specified in the solicitation.

## **§ 12. Conduct of Meetings**

The Director of the CRA or, in his/her absence the Chairman of the Board of Directors, or any other person designated by the Director, shall preside over the

meetings of the members. The Secretary shall act as the Secretary of all meetings of members, and in his/her absence, the Director shall appoint another person to act as Secretary. Rules of Order for all meetings shall be established and approved by the Board of Directors and shall govern the meetings of the members insofar as such rules are not inconsistent with or in conflict with these Bylaws.

### **§ 13. Temporary Board of Directors**

- a. Establishment of a Temporary Board of Directors: A temporary Board of Directors shall be appointed by \_\_\_\_\_. The makeup of the temporary Board will consist of the various types of membership as stated in Section 5, (§ 5), above, with each eligible member organization being able to name one member of record as specified in these Bylaws. Such Member of Record having one vote.
- b. Term of Temporary Board of Directors: The term of the Temporary Board shall not exceed one year from the date of its establishment when a permanent Board of Directors shall be established. However one-third of the Temporary Board members will be named for a period of one year, one-third will be named for two years and one-third will be named for 3 years. The appointed terms will expire when permanent board members are elected as specified in § 15 of these By-Laws.
- c. Purpose of Temporary Board of Directors: The purpose of the Temporary Board is to allow for the initial formation of the CRA, the scheduling of meetings, including a membership meeting where a permanent Board of Directors can be elected.
- d. Operation of the Temporary Board of Directors: The Temporary Board shall operate in concert with these By-Laws, and have the same authorities and responsibilities of a permanent Board of Directors. The Temporary Board shall also establish any and all positions necessary for the orderly conduct of the business affairs of the CRA. The Temporary Board shall hold an organizational meeting within the first year of operation whereupon elections will be held for a permanent Board of Directors within the conditions set-forth in these By-Laws.

### **§ 14. Board of Directors**

- a. Authority and Responsibility: The governing body of the CRA shall be the Board of Directors. The Board shall have supervision, control and direction of all the activities and affairs of the CRA, its committees and Programs, and services of the CRA. It shall be accountable for all CRA assets and shall be responsible for the interpretation of these Bylaws. The Board may adopt such rules and regulations for the conduct of its business as shall be deemed advisable, within the Laws of the Peoples Republic of

China and may, in the execution of the powers granted, delegate the management of its activities to the Executive Committee and/or the Director, provided that the activities and affairs of the CRA shall be managed and all powers of the CRA shall be exercised under the ultimate direction of the Board of Directors.

- b. Composition of the Board: The Board of Directors shall consist of a total of \_\_\_ voting members that will be elected from the organizations as listed in Section 5, (§ 5), of these Bylaws and in the following numbers:
  - i. \_\_\_ ( ) Representatives of National Government Agencies so appointed by the National Peoples Congress or its designee.
  - ii. \_\_\_ ( ) Representatives of Provincial Re-Guaranty Authorities, having an active re-guaranty Program.
  - iii. \_\_\_ ( ) Representatives of City Re-Guaranty Authorities, having an active re-guaranty Program.
  - iv. \_\_\_ ( ) Representatives of Private Sector Guaranty entities having an active guaranty Program but is located where a City or Provincial Re-Guaranty Program is not operating.

#### **§ 15. Terms of Board Members**

Elected Board members will have staggered terms of office so that experience gained, as Board members will always be represented on the Board. To accomplish this, each of the categories listed in § 14 b above shall be divided into three (3) groups with each group being elected as follows:

- a. Group one shall be elected in the first year that the Permanent Board of Directors is established and every three (3) years thereafter.
- b. Group two shall be elected in the second year and every three (3) years thereafter.
- c. Group three shall be elected in the third year and every three (3) years thereafter.

Upon the election of each one-third of the permanent board, one-third of the temporary board will no longer exist as specified in § 13 of these By-Laws.

If a Director is unable to complete a full-term, the Board, by a two-thirds vote of the remaining Board, shall appoint a replacement, from within the same membership category as the vacating director for the remainder of the un-expired term.

## **§ 16. Compensation**

The CRA ordinarily shall not compensate its Members, Directors, or Officers, other than the Director and staff needed to operate the Program and services of the CRA. However, the Board, by resolution, may provide for payments to Members, Directors, or Officers, to defray actual expenses incurred in pursuit of CRA responsibilities, and may compensate, at fair market value, services rendered in capacities other than as a Member, Director, or Officer.

## **§ 17. Election of Officers**

The Board of Directors annually shall elect a Chairman of the Board, \_\_\_ Vice Chairmen, a Secretary, and a Chief Financial Officer and other officers as deemed necessary by the Board. The Chairman of the Board shall preside at meetings of Directors and shall perform other duties appropriate for the position.

## **§ 18. Meetings**

- a. Regular Meetings: Regular meetings of the Board of Directors shall be held no less than \_\_\_ times each year at such times and in such places as the Board may prescribe. Notice of the meeting shall be given to each Director by mail, fax or other electronic media. The notice shall be at least \_\_\_ working days prior to the day named for such meeting.
- b. Special Meetings: Special meetings of the Board of Directors may be called by the Chairman or the President. In addition, special meetings may be called by any member of the Board with verbal concurrence of at least two-thirds of all Directors. Notice of such meeting shall be mailed, delivered, telephoned and/or faxed to each member of the Board, not less than \_\_\_ days before the meeting is held.

## **§ 19. Waiver of Notice**

Attendance by a Director at any meeting of the Board shall be a waiver by him/her of notice of the time and place thereof unless he/she protests, prior to the meeting or at its commencement, the lack of notice to him/her. If two-thirds of all of the voting Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

## **§ 20. Quorum**

At any meeting of the Board of Directors, a majority of the voting members of the Board shall constitute a quorum for the transaction of CRA business. Any such business transacted shall be valid providing it is affirmatively passed by a majority of those present and voting. At the beginning of any meeting of the

Board of Directors, a quorum is needed to conduct business. Once a quorum has been constituted, even in the subsequent absence of a quorum, the meeting may continue to transact business providing any action is approved by a majority of the required quorum.

**§ 21. Consent**

Any action required or permitted to be taken by the Board, may be taken without a meeting, if a majority of the members of the Board consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the Board.

**§ 22. Adjournment**

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than \_\_\_\_\_ hours, notice of the adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

**§ 23. Voting**

Voting rights of a Director may not be delegated to another nor exercised by proxy. Action taken by a ballot, delivered by mail, fax or other electronic media, shall be a valid action of the Board of Directors.

**§ 24. Electronic Participation in Board Meetings**

Members of the Board of Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone shall constitute presence in person at the meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) shall constitute presence in person at that meeting if all of the following apply:

- a. Each member participating in the meeting can communicate with all of the other members concurrently;
- b. Each member is provided the means of participating in all matters before the Board including, without limitation, the capacity to propose, or to interpose and object to, a specific action to be taken by the CRA; and

- c. The CRA adopts and implements some means of verifying that (1) any person participating in the meeting is entitled to participate in the Board meeting, and (2) all actions of, or votes by, the Board are taken or cast only by the members of the Board of Directors.

As used in this section, the references to the Board of Directors shall be deemed to also include the Executive Committee, which also is authorized to conduct meetings with electronic participation as specified in this section.

#### **§ 25. Removal of Directors**

The Board of Directors may remove and declare vacant the office of any member of the Board for cause, as may be specified in the laws of the Peoples Republic of China or by an affirmative two-thirds vote of the Board. The Board also may remove and declare vacant the office of any member of the Board who misses \_\_\_\_\_ consecutive meetings of the Board. However, the Board of Directors may waive the absence of any member from a meeting if it does so by a two-thirds affirmative vote.

#### **§ 26. Resignation of Director**

Any Director may resign effective on giving written notice to the Chairman of the Board of Directors, the Director of the CRA, the Secretary, or to the Board of Directors of the CRA, unless the notice specifies a later time for the effectiveness of such resignation.

#### **§ 27. Filling Board Vacancies**

In the event of a vacancy under these By-Laws, the Board may appoint another member of the same type of membership as the vacant position to serve for the remainder of the un-expired term.

#### **§ 28. Executive Committee**

There may be established by a vote of the Board of Directors, an executive committee that may act in place and stead of the Board of Directors between Board meetings. The Board of Directors shall determine the authorities and responsibilities of the Executive Committee upon its establishment however the Executive Committee cannot have any greater authority or responsibility than what is provided to the Board of Directors by these By-Laws.

#### **§ 29. Officers**

The number and titles and compensation of officers of the CRA will be determined by the Board of Directors but shall include as a minimum a Director

of the CRA whose term and conditions of employment shall be specified by the Board.

The Director shall be the general manager of the CRA and shall direct all activities of the CRA, subject to the policies of the Board of Directors and through the Chairman of the Board. The Director shall name a person to act in his/her absence. The Director shall employ staff as necessary to carry on the work of the CRA and within the overall financial limits set by the Board. The Director shall determine staff compensation levels, define duties of the staff, supervise their performance, establish their titles, delegate those responsibilities of management as shall be in the best interest on the CRA and terminate employment of staff if appropriate. The Director shall serve as a voting member of the Board of Directors and of the Executive Committee if, such a committee is established by the Board of Directors.

### **§ 30. Committees**

The Board of Directors may from time to time establish Committees of Directors, Officers, Members, and/or employees with such functions, powers, duties and tenure as the Board of Directors shall determine to be in the best interest of the CRA.

### **§ 31. Amendments**

These Bylaws may be amended or repealed, or new Bylaws may be adopted by an affirmative vote of two-thirds of the Board of Directors present at any duly held meeting of the Board, provided notice of such proposed amendment, repeal or adoption has been sent to the Directors not less than \_\_\_\_\_ hours prior to the start of the meeting.