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ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE
CERN EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

Action to be taken

Voting procedure

For approval	COUNCIL SESSION 155 th Session 18 June 2010	Simple majority of Member States represented and voting
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PENSION FUND

AMENDMENTS TO THE RULES OF THE PENSION FUND (CHAPTER I)

On the recommendation of the Governing Board of the Pension Fund, the Council is invited to approve the amendments to Chapter I of the Rules of the Pension Fund, as set out in the attached Annex, for entry into force as from 1 July 2010.

PENSION FUND

AMENDMENTS TO THE RULES OF THE PENSION FUND (CHAPTER I)

I – Introduction

At its 142nd Session on 21 June 2007, the Council approved document CERN/2733/Rev. entitled “*CERN Pension Fund – Governance Principles and Structure – Report of the Study Group on Pension Fund Governance*”. The Governing Board of the Pension Fund was required to draft amendments to the Rules of the Pension Fund as necessary for the implementation of the new governance principles and structure.

The Governing Board has therefore prepared draft amendments to Chapter I of the Rules of the Pension Fund, on the basis of Sections II, V and VI of the aforementioned document, as well as to the Preamble.

In addition to the amendments relating to the implementation of the new governance principles and structure, the Governing Board proposes new provisions in order to make Chapter I more consistent and better suited to the Pension Fund’s needs and functioning, particularly in light of the experience gained in the first three years of the new governance structure.

Certain changes of a purely editorial nature have also been proposed.

The document set out in the attached Annex, containing all the proposed amendments, was adopted by the Governing Board at its meeting on 5 May 2010.

II – The main changes proposed

Chapter I of the Rules of the Pension Fund will contain five sections instead of the current four, as the Governing Board considers that the audit structure of the Pension Fund needs to be accommodated in a separate section (the new Section 5).

1 – Section 1 (“Purpose and Scope of Application”)

Draft Article I 1.03 provides that the Governing Board is henceforth competent to approve the Regulations of the Pension Fund, which specify the application of the Rules. For historical reasons, this was left to the Finance Committee, by analogy with the Staff Regulations. The Governing Board considers there is no compelling reason for maintaining this requirement in the current Rules, as the Regulations of the Pension Fund are of an organizational nature and their provisions relate to the functioning of the Pension Fund.

Following approval of revised Chapter I of the Rules of the Pension Fund, the Governing Board will revise the Regulations. Pending this revision, any provisions of the existing Regulations which contradict those of revised Chapter I will be considered no longer applicable.

2 – Section 2 (“Governance Structure and Functions”)

Most of the provisions of Section 2 have been redrafted.

Draft Articles I 2.01 and I 2.02 confirm that the Pension Fund has no separate legal personality from that of the Organization but enjoys operational autonomy within CERN, as affirmed by the Council in the past. In particular, they stipulate that the Director-General has no responsibilities with respect to the management of the Pension Fund, although he retains competence over any proposals relating to benefits and contributions.

Draft Article I 2.05 describes the functions of the Governing Board in detail. The Governing Board wishes to make explicit the dual nature of its role, being responsible for the overall management of the Pension Fund on the one hand and for advising the Council on matters relating to the financial position of the Pension Fund on the other hand.

Regarding the limit of two three-year terms of office that members of the Governing Board are currently allowed to serve, the Governing Board considers that, given the complexity of the specialised tasks that its members are required to master, the interests of the Pension Fund would be better served if this limit were extended to three such terms, served consecutively (draft Article I 2.06, paragraph 5). The unanimous opinion of the current Governing Board members is that the present limit does not allow enough time to acquire the necessary expertise and knowledge of the pension fund industry and put it to profitable use. The same provisions are proposed for the Investment and Actuarial and Technical Committees.

Insofar as the Investment Committee is concerned, given its importance in the new governance structure of the Pension Fund, the Governing Board proposes that the provisions relating to its functions, which are the result of a very detailed discussion within the Governing Board, be henceforth introduced into the Rules of the Pension Fund (cf. draft Article I 2.10). The provisions relating to its composition and chairmanship were introduced into the Rules in 2009 (cf. document CERN/2826). Therefore, the existing “Regulations of the Investment Committee of the Pension Fund” will be considered no longer applicable.

The Governing Board also recommends establishment of an Actuarial and Technical Committee to advise the Governing Board on any actuarial matters (draft Article I 2.13). Its composition would be analogous to that of the Investment Committee (draft Article I 2.14).

3 – Section 3 (“Resources of the Fund and Guarantee of Benefits”)

A few changes of a purely editorial nature are proposed.

4 – Section 4 (“Operation of the Fund”)

Section 4 has been redrafted to make its provisions more consistent and better suited to the Pension Fund’s needs, in particular those of the Management Unit of the Pension Fund.

Draft Article I 4.05 provides in particular that the Management Unit will henceforth have a status analogous to that of a CERN Department and that the Chief Executive Officer of the Pension Fund, head of the Management Unit, will have a status comparable to that of a Department Head. For the execution of their functions for the Pension Fund, the staff of the Management Unit will receive instructions from the Pension Fund bodies but will remain under the authority of the Director-General with respect to the application of the CERN Staff Rules and Regulations.

5 – Section 5 (“Audit”)

Considering that the audit structure of the Pension Fund is a very important part of the new governance, the Governing Board recommends that this structure be set out in a new section (draft Section 5). The new provisions have been drafted on the basis of Section VI – F of document CERN/2733/Rev. and are in line with the Organization’s audit structure as described in the terms of reference of the Standing Advisory Committee on Audits approved by the Council in December 2009 (CERN/SPC/939 – CERN/FC/5406 – CERN/2883).

Proposal:

On the recommendation of the Governing Board of the Pension Fund, the Council is invited to approve the amendments to Chapter I of the Rules of the Pension Fund, as set out in the attached Annex, for entry into force as from 1 July 2010.

ANNEX

	<p style="text-align: center;">Preliminary Note</p> <p>In the interests of readability, the Rules and Regulations of the Pension Fund have been drafted using the masculine gender only. However, they apply to both men and women, except where it is clear from the context that they concern one sex or the other exclusively.</p>
Preamble	Preamble
<p>The Council of the European Organization for Nuclear Research,</p> <p>CONSIDERING</p> <p>The Convention for the Establishment of a European Organization for Nuclear Research, hereinafter referred to as CERN, signed in Paris on 1st July 1953, as amended;</p> <p>the CERN Staff Rules and Regulations, especially their provisions concerning social security and more particularly those relating to old age, disability and death;</p> <p>its decision dated 19 and 20 December 1955 to approve the principle of setting up a Provident and Pension Fund;</p> <p>the Agreement made in Geneva on 11 June 1955 between the Swiss Federal Council and CERN, and in particular article 21 thereof, and the agreement dated 30 December 1970 between France and CERN concerning the exemption of CERN personnel from social security contributions respectively in Switzerland and France;</p> <p>its decisions dated 25 and 26 June 1980 and that dated 31 October 1985 amending the level of contributions and benefits;</p> <p>its decision dated 26 and 27 June 1986 concerning guarantees for benefits in the event of the dissolution of CERN;</p> <p>the Agreements on social co-operation dated 1st July 1968 and 1st July 1983 between CERN and the European Southern Observatory, hereinafter referred to as ESO;</p>	<p>The Council of the European Organization for Nuclear Research, hereinafter referred to as “the Council”,</p> <p>CONSIDERING</p> <p>the Convention for the Establishment of a European Organization for Nuclear Research, hereinafter referred to as “CERN”, signed in Paris on 1 July 1953, as amended on 17 January 1971;</p> <p>its decision dated 19 and 20 December 1955 to approve the principle of setting up a Pension Fund, hereinafter referred to as “the Fund”, to be an essential part of CERN’s social security scheme;</p> <p>the CERN Staff Rules and Regulations, especially their provisions concerning social insurance cover, and more particularly those relating to the old-age and disability insurance scheme and to death;</p> <p>article 21 of the Agreement dated 11 June 1955 between the Swiss Federal Council and CERN concerning the legal status of CERN in Switzerland and the Agreement on social security dated 30 December 1970 between the Government of the French Republic and CERN, concerning the exemption of the CERN personnel from social security contributions in Switzerland and France;</p> <p>its Resolutions dated 27 June 1986 and 20 December 1996 concerning guarantees for the continued payment of the CERN personnel pension rights in the event of the dissolution of CERN;</p>

its Resolution dated 23 June 1989, concerning the relations between the CERN Council, hereinafter referred to as the Council, and the Pension Fund;

Hereby approves the following text as being the Rules of the Pension Fund of CERN.

its Resolution dated 23 June 1989 concerning the relations between the **Council and the Fund, according to which the Council is the supreme supervisory body of the Fund whose purposes it guarantees and for whose management it assumes responsibility;**

its Resolution dated 21 June 2007 confirming the operational autonomy of the Fund within CERN and redefining its governance principles and structure;

the Agreement between CERN and the European Organization for Astronomical Research in the Southern Hemisphere, hereinafter referred to as “ESO”, concerning the admission of ESO staff to the Fund, as revised on 7 September 2009, hereinafter referred to as “the CERN/ESO Agreement”;

hereby approves the following text **as the Rules of the Fund.**

<p style="text-align: center;">CHAPTER I General</p>	<p style="text-align: center;">CHAPTER I General Provisions and Governance Structure</p>
<p style="text-align: center;">SECTION I Purpose, Rules and Regulations, Scope</p>	<p style="text-align: center;">SECTION I Purpose and Scope of Application</p>
<p>Article I 1.01 Purpose of the Fund</p> <p>The Pension Fund, hereinafter referred to as “the Fund”, has the purpose of insuring its members and beneficiaries and the members of their families against the economic consequences of the disability and old age of its members and of the death of its members and beneficiaries.</p>	<p>Article I 1.01 Purpose of the Fund</p> <p>The purpose of the Fund is to insure its members and beneficiaries as well as the members of their families against the economic consequences of the disability and old age of its members and of the death of its members and beneficiaries.</p>
<p>Article I 1.02 Rules of the Fund</p> <p>The Rules define the structure of the Fund and its relations with the Council and Director-General of CERN; they govern the legal relationship between the Fund on the one hand and its members and beneficiaries on the other. They also determine the relations between the Fund and ESO.</p> <p>They shall be approved and amended by the Council.</p>	<p>Article I 1.02 Rules of the Fund</p> <p>The Rules shall define the governance structure of the Fund and its relations with the Council and the Director-General of CERN, hereinafter referred to as “the Director-General”, as well as the legal relationship between the Fund and its members and beneficiaries, including the rights and obligations of the members and beneficiaries.</p> <p>The Rules shall be approved by the Council.</p> <p>The Rules shall also be applicable to ESO and those members of its staff admitted to the Fund in accordance with the CERN/ESO Agreement.</p>
<p>Article I 1.03 Regulations of the Fund</p> <p>The Regulations determine the application of the Rules. They shall be approved and amended by the CERN Finance Committee.</p>	<p>Article I 1.03 Regulations of the Fund</p> <p>Where appropriate, the application of the Rules may be specified in Regulations approved by the Pension Fund Governing Board, hereinafter referred to as “the Governing Board”.</p>

<p>Article I 1.04 Members of the Fund</p> <p>The following shall be members of the Fund:</p> <p>a) members of the personnel of CERN with a contract of at least six months' duration as an established member of the personnel or as a fellow;</p> <p>b) members of the personnel of ESO, admitted to the Fund in accordance with the aforementioned CERN/ESO Agreements;</p> <p>c) other persons whose admission has been approved by the CERN Council on such conditions as it may decide, on the proposal of the Governing Board.</p>	<p>Article I 1.04 Members of the Fund</p> <p>The following shall be members of the Fund:</p> <p>a) members of the personnel of CERN with a contract of at least six months' duration as a staff member or as a fellow;</p> <p>b) staff members of ESO admitted to the Fund in accordance with the CERN/ESO Agreement;</p> <p>c) other persons whose admission has been approved by the Council on such conditions as it may decide, with the agreement of the Governing Board.</p>
<p>Article I 1.05 Beneficiaries of the Fund</p> <p>Any person receiving a benefit from the Fund in application of Chapters II and III of these Rules, with the exception of a transfer value, is a beneficiary of the Fund.</p> <p>A deferred retirement pension is a benefit.</p>	<p>Article I 1.05 Beneficiaries of the Fund</p> <p>Any person receiving a benefit from the Fund in application of the Rules, with the exception of a transfer value, is a beneficiary of the Fund.</p> <p>A deferred retirement pension is a benefit.</p>

SECTION 2 Structure and Functions	SECTION 2 Governance Structure and Functions
<p>Article I 2.01 Status of the Fund</p> <p>The Fund, which is an integral part of CERN, shall be under the supreme authority of the Council. Its administration and the management of its finances shall be separate from those of CERN and ESO.</p>	<p>Article I 2.01 Legal Status of the Fund</p> <ol style="list-style-type: none"> 1. The Fund is an integral part of CERN and, as such, has no separate legal personality and is under the supreme authority of the Council. 2. The activities of the Fund are part of the official activities of CERN and benefit from the latter's privileges and immunities.
	<p>Article I 2.02 The Fund's Operational Autonomy within CERN</p> <ol style="list-style-type: none"> 1. The Fund shall enjoy operational autonomy within CERN and shall be managed independently through the bodies referred to in Article I 2.04, paragraph 1, of the Rules. 2. The Director-General shall have no responsibilities with respect to the management of the Fund.
<p>Article I 2.02 Assets of the Fund</p> <p>The assets acquired by the Fund in fulfilling its purpose shall be deposited and held separately from those of CERN and ESO. They shall be totally and exclusively used for the purposes of the benefits provided for by these Rules.</p>	<p>Article I 2.03 Assets of the Fund</p> <ol style="list-style-type: none"> 1. The assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund as defined in Article I 1.01 of the Rules. 2. Neither CERN nor ESO shall reclaim, borrow, pledge, mortgage or impose a lien upon the assets of the Fund.
<p>Article I 2.03 Bodies of the Fund The bodies of the Fund shall be:</p> <ol style="list-style-type: none"> a) the Governing Board; b) the Investment Committee; c) the Administrator; d) the Consulting Actuary(ies); e) the Consulting Medical Practitioner(s); f) the Auditors. 	<p>Article I 2.04 Management of the Fund</p> <ol style="list-style-type: none"> 1. The management of the Fund shall be entrusted to the following bodies: <ol style="list-style-type: none"> a) the Governing Board; b) the Fund's Chief Executive Officer, hereinafter referred to as "the Chief Executive Officer".

	<p>2. The aforementioned bodies shall be assisted by:</p> <p>a) the Investment Committee; b) the Actuarial and Technical Committee.</p>
<p>Article I 2.04 Functions of the Governing Board</p> <p>The Governing Board shall:</p> <p>a) apply the pension policy decided by the CERN Council;</p> <p>b) with the Director-General's agreement, propose, for appointment, the Administrator of the Fund to the CERN Council;</p> <p>c) supervise and monitor the management of the Fund;</p> <p>d) ensure the long-term stability of the Fund;</p> <p>e) lay down the policy for the investment of the Fund's assets and monitor its application;</p> <p>f) approve the Annual Report drawn up by the Administrator;</p> <p>g) examine appeals on the conditions laid down in a Regulation;</p> <p>h) submit any proposal and opinion to the Council and to the Finance Committee of CERN concerning the operation of the Fund.</p> <p>The functions of the Governing Board shall be stipulated in a Regulation.</p>	<p>Article I 2.05 Functions of the Governing Board</p> <p>1. The Governing Board shall be entrusted by the Council with the overall management of the Fund and shall, in this regard, in particular:</p> <p>a. propose the funding principles and policy of the Fund for approval by the Council;</p> <p>b. decide on the statement of investment principles and investment policy of the Fund;</p> <p>c. select the Chief Executive Officer and propose him for appointment by the Council;</p> <p>d. supervise the Chief Executive Officer;</p> <p>e. oversee the activities of the Investment Committee and the Actuarial and Technical Committee, and decide on any proposals or measures submitted by them;</p> <p>f. approve the Regulations of the Fund;</p> <p>g. approve and update the internal control system of the Fund;</p> <p>h. approve the Fund's medium-term operational plan and its annual budget;</p> <p>i. submit the financial statements of the Fund for approval and discharge by the Council;</p> <p>j. appoint the Actuary and the specialised auditor referred to in Articles I 2.16 and I 5.02 respectively of the Rules;</p> <p>k. decide on internal appeals lodged against individual decisions taken by the Chief Executive Officer;</p> <p>l. take any other measures required for the management of the Fund or the application of its Rules;</p> <p>m. propose to the Council any measures falling within the latter's remit, including amendments to the Rules.</p> <p>2. The Governing Board shall be responsible for advising the Council on any issues relating to the financial position of the Fund and shall, in this regard, in particular:</p> <p>a. inform the Council of the financial balance of the Fund, including via periodic actuarial reviews;</p>

	<p>b. propose to the Council any measures aimed at securing, restoring or maintaining the actuarial balance of the Fund, it being understood that proposals relating to benefits and contributions shall remain within the competence of the Director-General;</p> <p>c. submit to the Council any other proposal or information relating to the financial position of the Fund.</p>
<p>Article I 2.05 Composition of the Governing Board</p> <p>1. The Governing Board shall consist of the following members:</p> <p>a) two appointed by the CERN Council, at least one of whom shall be a Council Delegate. The other shall be either a Council Delegate or a member of the Finance Committee. Their terms of office shall cease once they are no longer Council Delegates or members of the Finance Committee;</p> <p>b) one appointed by the ESO Council;</p> <p>c) one appointed by the Director-General of CERN from among the CERN staff members;</p> <p>d) two appointed by the CERN Staff Association from among the CERN staff members;</p> <p>e) one appointed by the ESO Staff Association from among the ESO staff members;</p> <p>f) one appointed by the CERN and ESO Pensioners Association from among the CERN and ESO beneficiaries of the CERN Pension Fund;</p> <p>g) two professional members specialised in pension fund matters selected by the members referred to in a) to f), appointed by the Council.</p> <p>2. The General Manager shall attend the Governing Board in an <i>ex officio</i> capacity.</p> <p>3. The members of the Governing Board shall be appointed for their competence in the matters falling within the remit of the Board. They shall accept standard terms of appointment by which</p>	<p>New Article I 2.06 Composition of the Governing Board</p> <p>1. The Governing Board shall consist of the following members:</p> <p>a) two appointed by the Council, at least one of whom shall be a Council Delegate. The other shall be either a Council Delegate or a member of the Finance Committee. Their terms of office shall cease once they are no longer Council Delegates or members of the Finance Committee;</p> <p>b) one appointed by the ESO Council;</p> <p>c) one appointed by the Director-General from among the CERN staff members;</p> <p>d) two appointed by the CERN Staff Association from among the CERN staff members;</p> <p>e) one appointed by the ESO Staff Association from among the ESO staff members;</p> <p>f) one appointed by the CERN and ESO Pensioners Association from among the CERN and ESO beneficiaries of the Fund;</p> <p>g) two professional members specialised in pension fund matters selected by the members referred to in a) to f), appointed by the Council.</p> <p>2. The Chief Executive Officer shall attend the Governing Board in an <i>ex officio</i> capacity.</p> <p>3. The members of the Governing Board shall be appointed for their competence in the matters falling within the remit of the Governing Board. They shall accept standard terms of appointment by which they undertake in particular to act solely in the best interests of the Fund and not as representatives of their respective constituencies.</p>

<p>they undertake in particular to act solely in the best interests of the Pension Fund and not as representatives of their respective constituencies.</p> <ol style="list-style-type: none"> 4. Any member may be dismissed from his office by the authority which appointed him at any time by a procedure similar to that followed for his appointment. 5. Subject to paragraph 4 above, the term of office of members of the Governing Board shall be three (3) years, renewable once for a further maximum consecutive period of three (3) years. No further terms of office on the Governing Board are possible. 6. Each member of the Governing Board has the right to vote. In the event of a tie, the Chairman, referred to under Article I 2.06 below, shall have a casting vote. 	<ol style="list-style-type: none"> 4. Any member may be dismissed from his office by the authority which appointed him at any time by a procedure similar to that followed for his appointment. 5. Subject to paragraph 4 above, the term of office of members of the Governing Board shall be three years, renewable for up to two further consecutive periods, each of a maximum duration of three years. No further terms of office on the Governing Board are possible. 6. Each member of the Governing Board has the right to vote. In the event of a tie, the Chairman, referred to under Article I 2.07 of the Rules, shall have a casting vote.
<p>Article I 2.06 Chairman and Vice-Chairman of the Governing Board</p> <ol style="list-style-type: none"> 1. The Chairman of the Governing Board shall be appointed by the Council. 2. The Chairman of the Governing Board must be chosen from among the two members appointed by the Council. 3. The Vice-Chairman of the Governing Board shall be appointed by the Council on the recommendation of the Governing Board from among the members appointed by the CERN Staff Association and the ESO Staff Association. 4. The term of office of the Chairman and Vice-Chairman shall be three (3) years and shall be renewable once for a further maximum consecutive period of three (3) years. No further terms of office on the Governing Board are possible. 	<p>Article I 2.07 Chairman and Vice-Chairman of the Governing Board</p> <ol style="list-style-type: none"> 1. The Chairman of the Governing Board shall be appointed by the Council. 2. The Chairman of the Governing Board must be chosen from among the two members appointed by the Council. 3. The Vice-Chairman of the Governing Board shall be appointed by the Council on the recommendation of the Governing Board from among the members appointed by the CERN Staff Association and the ESO Staff Association. 4. The term of office of the Chairman and Vice-Chairman shall be three years and shall be renewable for up to two further consecutive periods, each of a maximum duration of three years. No further terms of office on the Governing Board are possible.

<p>Article I 2.07 The Administrator</p> <ol style="list-style-type: none"> 1. The Administrator shall be appointed by the Council on the proposal of the Governing Board with the CERN Director-General's agreement for a three-year term which may be renewed. He shall be answerable to the Governing Board. He shall become a member of the Fund, if he is not one already, on taking up the office. 2. The Administrator shall have the authority needed to administer the Fund and act as CERN's representative in respect of legal documents drawn up in the context of the Fund's purpose. 3. Under the supervision of the Governing Board, the Administrator shall: <ol style="list-style-type: none"> a) apply the current Rules of the Fund and the provisions to which they refer; b) manage the investments, taking due account of the recommendations of the Investment Committee; c) manage the accounts of the Fund. <p>In addition, the Administrator shall:</p> <ol style="list-style-type: none"> d) after seeking the advice of the Investment Committee, refer to the Governing Board for its prior approval any proposed major change in the distribution of investments; e) submit the Annual Report to the Governing Board for approval and present it to the Council. 	<p>Article I 2.08 Functions of the Chief Executive Officer</p> <ol style="list-style-type: none"> 1. The Chief Executive Officer shall act as the legal representative of CERN for all matters relating to the Fund. 2. Under the supervision of the Governing Board, to which he shall be accountable, the Chief Executive Officer shall be responsible for the day-to-day management of the Fund on behalf of the Governing Board. He shall be head of the Fund's Management Unit referred to in Article I 4.05 of the Rules, hereinafter referred to as "the Management Unit". 3. The Chief Executive Officer shall, in particular: <ol style="list-style-type: none"> a. apply and interpret the Rules and Regulations of the Fund, if necessary after having sought the advice of the Governing Board; b. implement the decisions of the Governing Board, the Investment Committee and the Actuarial and Technical Committee; c. act as secretary of the Governing Board and, in this capacity, prepare the proposals, statements and decisions of the Governing Board, and assist the other Committees; d. prepare and submit to the Governing Board, for its consideration, the financial statements of the Fund.
	<p>Article I 2.09 Term of Office of the Chief Executive Officer</p> <ol style="list-style-type: none"> 1. The Chief Executive Officer shall be appointed by the Council, on the proposal of the Governing Board, for an initial term of office of three years. 2. The Council may decide, on the proposal of the Governing Board, to reappoint the Chief Executive Officer for further terms of office of any duration. 3. The term of office of the Chief Executive Officer may be terminated at any time by the Council, normally on the proposal of the Governing Board.

<p>Regulations of the Investment Committee</p> <p>The Committee shall perform the following duties:</p> <ul style="list-style-type: none"> - taking account of the Fund's risk capacity, the Investment Committee shall periodically make proposals to the Governing Board concerning the Fund's investment policy, in particular its asset allocation strategy; - in the overall context of the investment policy drawn up by the Governing Board, the Committee shall decide on tactical asset allocation, on the fund managers' terms of reference and the limits to be observed; - it shall issue the Administrator with instructions with a view to attainment of the aims specified above; - it shall examine the files drawn up by the Administrator concerning the various investment procedures used, assess their expedience and check them for correctness; - the Committee shall set up movable assets management and real-estate assets management committees which shall be chaired by the Administrator and shall appoint their members. These committees shall monitor the details of the projects and operations carried out and perform any duties delegated to them by the Committee; - it shall undertake examinations and prepare reports for the Governing Board; - in the context of the discretionary management contracts awarded by the Governing Board, it shall supervise the management, monitor its organisation, make performance and risk comparisons between the investment managers and interview them on their performance reports. <p>The Committee may instruct its Chairman and the Administrator to carry out operations on forwards, futures and options autonomously and by mutual agreement. The Investment Committee shall define the framework and the guidelines and set the limits for these operations and shall monitor the results.</p>	<p>Article I 2.10 Functions of the Investment Committee</p> <p>As the subsidiary and expert body of the Governing Board on investment matters, the Investment Committee shall, in particular:</p> <ol style="list-style-type: none"> 1. make proposals to the Governing Board concerning the statement of investment principles and investment policy of the Fund, including the asset management, and any measures related thereto; 2. determine the Fund's asset management process and monitor its implementation; 3. decide on the implementation of the Fund's asset management process, or mandate the Chief Executive Officer to do so on its behalf; 4. monitor the Fund's risk tolerance; 5. propose the custodian(s) of the Fund for appointment by the Governing Board; 6. select the external service providers, define their mandates and monitor their execution, or mandate the Chief Executive Officer to do so on its behalf; 7. report to the Governing Board on its activities and respond to any request by the Governing Board; 8. submit to the Governing Board any other proposal or information relating to investment matters.
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<p>Article I 2.08 Composition of the Investment Committee</p> <p>1. The Investment Committee shall have the following membership:</p> <ul style="list-style-type: none"> a) two members of the Governing Board appointed by the latter; b) two external professional experts appointed by the Governing Board; c) the General Manager, in an <i>ex officio</i> capacity; d) any additional member(s) that the Governing Board may decide to appoint on the grounds of relevant experience or expertise. <p>2. A member of the Pension Fund Management Unit chosen by the Governing Board on the proposal of the General Manager shall attend the Investment Committee. He shall be entitled to participate in discussions but not to vote.</p> <p>3. The Chairman of the Governing Board shall be entitled to attend the Investment Committee as an observer.</p> <p>4. The term of office of the appointed members of the Investment Committee shall be for a maximum of three (3) years, renewable once for a further maximum consecutive period of three (3) years. The term of office of the members of the Investment Committee appointed from among the members of the Governing Board shall terminate upon expiry or termination of their term of office on the Governing Board.</p> <p>5. The Governing Board may at any time terminate the terms of office of the appointed members of the Investment Committee.</p> <p>6. The members of the Investment Committee shall accept terms of appointment by which they undertake to act solely in the best interests of the Pension Fund.</p>	<p>Article I 2.11 Composition of the Investment Committee</p> <p>1. The Investment Committee shall have the following membership:</p> <ul style="list-style-type: none"> a) two members of the Governing Board appointed by the latter; b) two external professional experts appointed by the Governing Board; c) the Chief Executive Officer, in an <i>ex officio</i> capacity; d) any additional member(s) that the Governing Board may decide to appoint on the grounds of relevant experience or expertise. <p>2. A member of the Management Unit chosen by the Governing Board on the proposal of the Chief Executive Officer shall attend the Investment Committee. He shall be entitled to participate in discussions but not to vote.</p> <p>3. The Chairman of the Governing Board shall be entitled to attend the Investment Committee as an observer.</p> <p>4. The term of office of the appointed members of the Investment Committee shall be for a maximum of three years, renewable for up to two further consecutive periods, each of a maximum duration of three years. The term of office of the members of the Investment Committee appointed from among the members of the Governing Board shall terminate upon expiry or termination of their term of office on the Governing Board.</p> <p>5. The Governing Board may at any time terminate the terms of office of the appointed members of the Investment Committee.</p> <p>6. The members of the Investment Committee shall accept terms of appointment by which they undertake to act solely in the best interests of the Fund.</p>
<p>Article I. 2.08 bis Chairman of the Investment Committee</p> <p>1. The Chairman of the Investment Committee shall be appointed by the Governing Board. He shall be chosen from among the members of the Governing Board appointed by the latter.</p>	<p>Article I 2.12 Chairman of the Investment Committee</p> <p>1. The Chairman of the Investment Committee shall be appointed by the Governing Board. He shall be chosen from among the members of the Governing Board appointed by the latter.</p>

<p>2. The term of office of the Chairman of the Investment Committee shall be for a maximum of three (3) years, renewable once for a further maximum consecutive period of three (3) years, it being understood that his term of office as Chairman of the Investment Committee shall terminate upon expiry or termination of his term of office as member of the Governing Board.</p>	<p>2. The term of office of the Chairman of the Investment Committee shall be for a maximum of three (3) years, renewable for up to two further consecutive periods, each of a maximum duration of three (3) years, it being understood that his term of office as Chairman of the Investment Committee shall terminate upon expiry or termination of his term of office as member of the Governing Board.</p>
	<p>Article I 2.13 Functions of the Actuarial and Technical Committee</p> <p>As the subsidiary and advisory body of the Governing Board on actuarial and technical matters, the Actuarial and Technical Committee shall, in particular:</p> <ol style="list-style-type: none"> 1. recommend to the Governing Board the actuarial parameters to be used for the periodic actuarial reviews; 2. propose the Actuary for appointment by the Governing Board; 3. define the mandate of the Actuary for the preparation of the periodic actuarial reviews, as well as any documents relating thereto, and monitor the execution of his mandate; 4. examine the draft periodic actuarial reviews prepared by the Actuary; 5. monitor the Fund's funding status and recommend to the Governing Board any measures to achieve full funding; 6. examine any amendment or proposed amendment to the CERN and/or ESO Staff Rules and Regulations, the Fund's Rules and Regulations or the CERN/ESO Agreement which may have an actuarial impact on the Fund, and report to the Governing Board; 7. select external service providers to assist it in the performance of its functions, define their mandates and monitor their execution, or mandate the Chief Executive Officer to do so on its behalf; 8. report to the Governing Board on its activities and respond to any request by the Governing Board;

	<p>9. submit to the Governing Board any other proposal or information relating to actuarial and technical matters.</p>
	<p>Article I 2.14 Composition of the Actuarial and Technical Committee</p> <ol style="list-style-type: none"> 1. The Actuarial and Technical Committee shall have the following membership: <ol style="list-style-type: none"> a) two members of the Governing Board appointed by the latter; b) the Chief Executive Officer, in an <i>ex officio</i> capacity; c) any additional member(s) that the Governing Board may decide to appoint on the grounds of relevant experience or expertise. 2. The Chief Executive Officer may be accompanied by other members of the Management Unit. 3. The Fund's Actuary shall attend the Actuarial and Technical Committee on the invitation of the latter's Chairman. 4. The Chairman of the Governing Board shall be entitled to attend the Actuarial and Technical Committee as an observer. 5. The term of office of the appointed members of the Actuarial and Technical Committee shall be for a maximum of three years, renewable for up to two further consecutive periods, each of a maximum duration of three years. The term of office of the members of the Actuarial and Technical Committee appointed from among the members of the Governing Board shall terminate upon expiry or termination of their term of office on the Governing Board. 6. The Governing Board may at any time terminate the terms of office of the appointed members of the Actuarial and Technical Committee. 7. The members of the Actuarial and Technical Committee shall accept terms of appointment by which they undertake to act solely in the best interests of the Fund.

	<p>Article I 2.15 Chairman of the Actuarial and Technical Committee</p> <ol style="list-style-type: none"> 1. The Chairman of the Actuarial and Technical Committee shall be appointed by the Governing Board. He shall be chosen from among the members of the Governing Board appointed by the latter. 2. The term of office of the Chairman of the Actuarial and Technical Committee shall be for a maximum of three years, renewable for up to two further consecutive periods, each of a maximum duration of three years, it being understood that his term of office as Chairman of the Actuarial and Technical Committee shall terminate upon expiry or termination of his term of office as a member of the Governing Board.
<p>Article I 2.09 The Consulting Actuary(ies)</p> <p>The Governing Board shall appoint the consulting actuary(ies) of the Fund on the Administrator's proposal.</p>	<p>Article I 2.16 Actuary</p> <p>The Actuary, who shall be appointed by the Governing Board on the proposal of the Actuarial and Technical Committee, shall provide actuarial services to the Fund, in particular with respect to the periodic actuarial reviews.</p>
<p>Article I 2.10 The Consulting Medical Practitioner(s)</p> <p>The Governing Board shall appoint the consulting medical practitioner(s) on the Administrator's proposal.</p>	<p>Article I 2.17 Medical Practitioner</p> <ol style="list-style-type: none"> 1. The Medical Practitioner, who shall be appointed by the Governing Board on the proposal of the Chief Executive Officer, shall provide medical opinion to the Fund on request and advise the latter on any medical matters. 2. He shall prepare an annual report on his activities for the Fund, which shall include any general medical information he has provided relating to the granting of benefits by the Fund.
<p>Article I 2.11 The Auditors</p> <p>The auditors of the accounts of the Fund shall be those appointed by the Council to audit the CERN accounts.</p>	<p>See new Section 5 below.</p>

	<p>Article I 2.18 Code of Conduct</p> <p>The persons and bodies referred to in the Fund's Code of Conduct, as set out in Annex D of the Rules, shall comply with the Code of Conduct and shall certify such compliance whenever so requested by the Governing Board.</p>
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SECTION 3 Resources of the Fund and Guarantee of Benefits	SECTION 3 Resources of the Fund and Guarantee of Benefits
<p>Article I 3.01 Resources of the Fund</p> <p>The resources of the Fund shall derive from:</p> <p>a) contributions from CERN and ESO; b) contributions from the members; c) the income from the investment of its assets; d) gifts and legacies.</p>	<p>Article I 3.01 Resources of the Fund</p> <p>The resources of the Fund shall derive from:</p> <p>a) contributions from CERN and ESO; b) contributions from its members; c) the income from the investment of its assets; d) gifts and legacies.</p>
<p>Article I 3.02 Creditors to the Fund</p> <p>Benefits due by the Fund to its beneficiaries under the present Rules shall take precedence over all its other debts. They may neither be transferred nor pledged.</p> <p>They may be subject to distraints in favour of dependents of beneficiaries of the Fund in respect of claims for maintenance on these beneficiaries in conditions defined by the Governing Board of the Fund similar to those applicable to the CERN personnel. The maintenance claims concerned shall be those defined by the CERN Staff Regulations.</p> <p>The Administrator of the Pension Fund shall take the necessary steps for their implementation.</p>	<p>Article I 3.02 Precedence and distraint of Benefits</p> <p>Benefits due by the Fund to its members and beneficiaries under the Rules shall take precedence over all its other debts. They may neither be transferred nor pledged.</p> <p>The benefits may be subject to distraints in favour of dependents of beneficiaries of the Fund in respect of claims for maintenance on these beneficiaries under conditions defined by the Governing Board similar to those applicable to the CERN personnel. The maintenance claims concerned shall be those defined by the CERN Staff Regulations.</p>
<p>Article I 3.03 Guarantee of Benefits</p> <p>CERN and ESO guarantee the benefits acquired under the provisions of these Rules by the members of their own personnel until the cessation of the rights of the last beneficiary.</p> <p>In the event of mergers, reconstitution or other changes in either of these Organizations, the Council of the Organization concerned shall take the necessary steps for the continuation of the pensions.</p>	<p>Article I 3.03 Guarantee of Benefits</p> <p>CERN and ESO guarantee the benefits acquired under the Rules by the members of their own personnel until the cessation of the rights of the last beneficiary.</p> <p>In the event of mergers, reconstitution or other changes in either of these Organizations, the Council of the Organization concerned shall take the necessary steps for the continuation of the pensions.</p>

<p>In the event of dissolution of CERN, its Council will, without prejudice to other systems providing equivalent guarantees, set up a Foundation under Swiss law to succeed the Fund in order to guarantee the rights acquired as at the date of dissolution and will implement any steps for integration into the national social security systems of the Member States guaranteeing such equivalence.</p> <p>In the event of dissolution of ESO, its Council will take the necessary steps to guarantee the rights acquired by the members of its personnel who are members of the Fund.</p>	<p>In the event of dissolution of CERN, its Council will, without prejudice to other systems providing equivalent guarantees, set up a Foundation under Swiss law to succeed the Fund in order to guarantee the rights acquired as at the date of dissolution and will implement any steps for integration into the national social security systems of the Member States guaranteeing such equivalence.</p> <p>In the event of dissolution of ESO, its Council will take the necessary steps to guarantee the rights acquired by the staff members of ESO who are members of the Fund.</p>
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SECTION 4 Administration	SECTION 4 Operation of the Fund
<p>Article I 4.01 Currency of Accounts and Payments</p> <p>The currency used shall be the Swiss franc. Pensions and allowances shall be payable monthly in Geneva.</p>	<p>Article I 4.01 Currency and Payments</p> <p>The benefits shall be paid on a monthly basis in Swiss francs in Switzerland.</p> <p>Where the beneficiary resides in a country other than Switzerland, the Governing Board may authorize such payments to be made in that country, on condition that the Fund does not incur additional cost thereby.</p>
<p>Article I 4.02 Financial Management</p> <p>1. Budget The budget of the Fund shall be presented to the Council and its subsidiary bodies by the Administrator after approval by the Governing Board.</p> <p>2. Accounts and balance sheet The accounts of the Fund shall be kept independently from those of CERN. A technical balance sheet shall be drawn up every three years and when the circumstances require.</p> <p>3. Management procedures The budget and financial management procedures of the Fund shall be set out in a Regulation approved by the Council.</p> <p>4. Administrative Costs The Fund's administrative costs shall be set out in a Regulation approved by the Council.</p>	<p>Article I 4.02 Accounts and Financial Statements</p> <ol style="list-style-type: none"> 1. The Fund's accounts shall be kept separately from those of CERN. 2. The unit of account shall be the Swiss franc. 3. The Fund's accounts and financial statements shall be prepared and presented by the Chief Executive Officer in accordance with the International Public Sector Accounting Standards, hereinafter referred to as IPSAS. 4. The accounting policies used in the preparation of these financial statements shall be defined by the Governing Board.
	<p>Article I 4.03 Planning, Budget and Financial Management</p> <p>The medium-term operational plan and the annual budget of the Fund shall be prepared by the Chief Executive Officer.</p> <p>The budget management procedures and the Financial Regulations of the Fund shall be laid down by the Governing Board.</p>

	<p>Article I 4.04 Periodic Actuarial Reviews</p> <p>Actuarial Reviews shall be drawn up by the Actuary every three years and when the circumstances require.</p>
<p>Article I 4.03 Staff</p> <p>The staff responsible for the administration of the Fund shall be members of the CERN personnel. Related costs shall be apportioned in accordance with the Financial Regulations, as approved by the Council.</p>	<p>Article I 4.05 The Management Unit and its staff</p> <ol style="list-style-type: none"> 1. The Management Unit shall be part of the organizational structure of CERN and, within this framework, shall have a status analogous to that of a Department. The Chief Executive Officer shall have a status analogous to that of a Head of Department. 2. The staff of the Management Unit shall be members of the CERN personnel and, as such, be under the authority of the Director-General with respect to the application of the CERN Staff Rules and Regulations, in particular for all matters pertaining to their employment status within CERN. 3. For the execution of their functions for the Fund, the staff of the Management Unit shall receive instructions from the Chief Executive Officer under the supervision of the Governing Board.
<p>Article I 4.04 Relations between the Fund and the Services of CERN</p> <p>The services of the Organization shall assist the Fund in the performance of its functions.</p>	<p>Article I 4.06 Relations between the Fund and the Services of CERN</p> <p>The Fund may request the assistance of internal services of CERN. Such assistance may be charged to the Fund's budget.</p>
<p>Article I 4.05 Subrogation</p> <p>CERN and ESO shall be automatically subrogated in the rights of a member or beneficiary against a third party responsible for damage caused to the member or beneficiary, up to the amount of the benefits and indemnities payable by the Fund.</p>	<p>Article I 4.07 Subrogation</p> <p>CERN and ESO shall be automatically subrogated in the rights of a member or beneficiary against a third party responsible for damage caused to the member or beneficiary, up to the amount of the benefits and indemnities payable by the Fund.</p>

<p>Article I 4.06 Duty to provide information</p> <p>The Administrator shall ensure that the benefits are allocated to the beneficiaries, who shall be required to provide him with all relevant information.</p>	<p>Article I 4.08 Duty to provide information</p> <p>The Chief Executive Officer shall ensure that the benefits are duly paid to the beneficiaries, who shall be required to provide him with all relevant information, in particular an annual life certificate.</p> <p>In the absence of such information, the Chief Executive Officer shall be entitled to suspend the payment of such benefits.</p>
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	New SECTION 5 Audit
	<p>Article I 5.01 External Auditors</p> <p>The accounts and financial statements of the Fund shall be audited by the External Auditors, appointed by the Council pursuant to Article 8 of the Financial Protocol, who shall submit their report to the Council.</p>
	<p>Article I 5.02 Specialised Auditor</p> <p>An auditor specialised in pension fund matters shall be mandated by the Governing Board to conduct an additional annual audit of the accounts and financial statements of the Fund and perform such other audits as requested by the Governing Board. He shall submit his report to the Governing Board.</p>
	<p>Article I 5.03 CERN Internal Audit</p> <ol style="list-style-type: none"> 1. In accordance with Article I 4.05, paragraph 2, of the Rules, the CERN Internal Audit shall be competent to perform audits relating to the application of the CERN Staff Rules and Regulations with respect to the staff of the Management Unit. 2. With the agreement of the Director-General, the Governing Board may request the CERN Internal Audit to perform any other audits relating to the Fund.
	<p>Article I 5.04 Duty to provide information</p> <p>The Chief Executive Officer shall provide the auditors referred to in Articles I 5.01 to I 5.03 of the Rules with all information at his disposal and give them the support they may require to carry out their duties.</p>