

# ARTICLES OF ASSOCIATION

of the Association of Capital Market-Oriented Small- and Medium-Sized Enterprises e.V.

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# ARTICLES OF ASSOCIATION

## of the Association of Capital Market-Oriented Small- and Medium-Sized Enterprises e.V.

### Section 1

#### Name, Registered Office, Financial Year

- (1) The name of the Association shall be “Interessensverband kapitalmarktorientierter kleiner und mittlerer Unternehmen e.V.”, abbreviated as “KMU e.V.”.
- (2) The Association shall be entered in the Register of Associations.
- (3) The registered office of the Association shall be Frankfurt am Main.
- (4) The financial year is the calendar year.

### Section 2

#### Purpose and Scope of Activity

- (1) The purpose of the Association is to promote the interests of capital market-oriented small- and medium-sized enterprises (“SMEs”).
- (2) The Association
  1. is particularly committed to improving the relevant framework conditions for SMEs in capital market financing,
  2. actively represents the interests of capital market-oriented SMEs in the dialogue with politicians, legislative bodies, supervisory authorities, capital market institutions, interest groups and the public,
  3. offers its members professional support and promotes regular exchange of information amongst its members.
- (3) The Association defines capital market-oriented SMEs as all companies that are already financing themselves via the capital market in the form of equity or debt capital instruments or intend to do so in the future. An SME is a company with an average market capitalization based on year-end quotations of less than EUR 500,000,000.00 in the last three calendar years or companies of comparable size.
- (4) The Association has no commercial business purpose.

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## Section 3 Acquiring Membership

(1) The following may be admitted as **members** of the Association:

1. as **company members**, companies in the form of a corporation (legal entity), in the form of a commercial partnership, commercial enterprises with other legal forms as well as associations and institutions, unless they fall under Section 3 (1) 3 below.
2. as **individual members**, individuals, if due to their work, their profession or any other participation in economic life, they can promote the goals of the Association.
3. as **supporting members**, other organisations or persons may also be accepted who advise capital market-oriented SMEs and if their activities make them suitable to promote the objectives of the Association. These include in particular consultants, banks and other financial institutions.

(2) Membership is acquired by application in text form and the acceptance of such application form by the Board.

## Section 4 Termination of Membership

(1) Membership shall end

1. with the death of the member,
2. by resignation,
3. by exclusion,
4. by deletion from the list of members.

(2) Termination shall be made to the Board in writing to become effective. Termination can only be made at the end of the financial year subject to a period of notice of three months.

(3) A member can be deleted from the list of members by resolution of the Board, if

1. such member is in arrears with payment of the membership fee despite two reminders (text form is sufficient). Deletion from the membership list may only be resolved after two months have elapsed since the second reminder letter was sent and the contribution payments have still not been paid,
2. insolvency proceedings have been opened against the member's assets or the opening is rejected for lack of assets.

The member must be informed of the deletion.

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- (4) A member can be excluded from the Association by Board resolution if such member has grossly violated the interests of the Association or for another good cause. Before the resolution is passed, the member must be given an opportunity within an appropriate deadline to explain himself/herself personally before the Board or in writing. A written statement by the person concerned is to be read out at the board meeting. The resolution relating to the exclusion shall state the reasons for the exclusion and shall be notified to the member in an appropriate form.
- (5) Termination of membership does not affect the obligation to pay the membership fee for the current financial year.

### Section 5 Membership Fees

- (1) The expenses of the Association, including the costs of the management, shall be covered by the members via membership fees and voluntary contributions.
- (2) The General Meeting shall determine the membership fees in the Membership Fee Rules. The Membership Fee Rules may provide for minimum and maximum contributions.

### Section 6 Bodies of the Association

The bodies of the Association are:

1. the Board
2. the Executive Committee
3. the General Meeting

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### Section 7 The Board

- (1) The Board of the Association shall consist of at least three persons. It shall be elected by the General Meeting for a term of two years.
- (2) Before the election of the Board, the General Meeting shall decide on the number of board members. The Board shall remain in office at the end of its term of office until a new Board is elected, unless it resigns prematurely or is dismissed by the General Meeting.
- (3) If the number of Board members falls below three, a General Meeting is to be called immediately for a by-election.

### Section 8 Responsibility of the Board

- (1) The Board shall be responsible for the affairs of the Association, as far as they are not assigned to another body of the Association by the Articles of Association. Its main tasks are as follows:
  1. preparing the General Meetings and setting the agenda,
  2. convening the General Meeting,
  3. executing the resolutions of the General Meeting,
  4. drawing up a budget for each financial year; to keep the accounts, preparing an Annual Report,
  5. to pass resolutions on the admission and exclusion of members,
  6. appointment of one or more auditors to audit the annual financial statements,
  7. election of the members of the Executive Committee.
- (2) The Board shall determine the principles for the work of the Association, as far as these are not separately determined by the General Meeting.
- (3) The Board can give itself and the Executive Committee rules of procedure.

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### Section 9 The Executive Committee

- (1) The Board shall elect the members of the Executive Committee from amongst its members. The members of the Executive Committee shall be the President, the Vice President and the Treasurer.
- (2) The Executive Committee shall manage the business of the Association, provided the Board is not responsible for this. It is bound by the Articles of Association, the resolutions of the General Meeting and the Board.
- (3) The Executive Committee is the legal representative of the Association within the meaning of Sec. 26 German Civil Code (*BGB*).
- (4) The Association shall be represented jointly by two members of the Executive Committee in and out of court. By resolution, the Board may grant individual members of the Executive Committee a sole power of representation and exempt them from the restrictions of Sec. 181 German Civil Code (*BGB*).
- (5) The Executive Committee can appoint one or more managing directors to carry out the ongoing business affairs according to the guidelines of the Board.

### Section 10 Passing a Resolution

- (1) The Board and the Executive Committee shall generally pass their resolutions in meetings. They shall resolve by a simple majority of the members present. Attendance by telephone, video or web conference is sufficient. The members of the Board and the Executive Committee may submit voting messages in text form.
- (2) The Board and the Executive Committee shall be convened by the President or, in his/her absence, by the Vice President or another Board member, giving three days' notice and stating the agenda. The invitation shall be made in writing. The period begins on the day following the dispatch of the invitation. In urgent cases, the invitation period may be shortened..
- (3) The Board and the Executive Committee shall have a quorum if they have been duly convened.
- (4) If no member objects, resolutions may also be passed by the Board and the Executive Committee by circulation if at least half of the members participate in the circulation procedure. The invitation period cannot be shortened in the circulation procedure.

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### Section 11 General Meeting

- (1) The General Meeting is the decision-making body of the Association. All members are entitled to vote in it. Voting rights may also be exercised by proxy. An authorised representative must present his/her power of attorney to the Board at the beginning of the meeting without being requested to do so.
- (2) The General Meeting is exclusively responsible for the following matters:
1. to approve the budget established by the Board for the next financial year, to accept the annual report, to discharge the Board and the Executive Committee,
  2. election and dismissal of the members of the Board,
  3. to adopt the Membership Fee Rules,
  4. to pass resolutions on changes to the Articles of Association and dissolution of the Association.

In matters which fall within the competence of the Board or the Executive Committee, the General Meeting can decide on recommendations. For their part, the Board and the Executive Committee may seek the opinion of the General Meeting in matters which fall within their competence.

- (3) The General Meeting shall meet at least once a year. It shall be convened by the Board, giving two weeks' notice and stating the agenda. The invitation shall be made in writing. The period begins on the day following the dispatch of the invitation.
- (4) The General Meeting shall be chaired by the President, in his absence by the Vice President or another Board member. In the event of elections, the chairmanship of the meeting may also be temporarily transferred to another member. The minute-taker shall be appointed by the Chairman of the meeting. A non-member may also be appointed as the minute-taker. The minutes must be signed by the Chairman of the meeting and the minute-taker.
- (5) The General Meeting has a quorum if it has been properly convened. The General Meeting shall generally pass its resolutions by a simple majority of the valid votes cast; abstentions shall not be taken into consideration. An absolute majority of the voting members present is required to amend the Articles of Association; a majority of three quarters of the voting members present is required to dissolve the Association.

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## Section 12 Final Provisions

- (1) These Articles of Association were resolved in the founding meeting of the Association on 30 August 2017. They shall enter into force with the entry of the Association in the Register of Associations. The bodies of the Association may pass resolutions on the basis of the adopted Articles of Association, which becomes effective with the registration of the Articles of Association.
- (2) In the event of dissolution, liquidation shall be carried out by the last acting Board member. The remaining assets shall be transferred to a charitable institution. The Board shall decide on how they are selected.

Frankfurt am Main, 30 August 2017