



DIRECTIVE ON THE INTERNAL LEGAL FRAMEWORK

Sponsor: The General Counsel, Legal Department

Issuer: The President

Document Type: Directive

Information Classification Designation: Public

Effective Date: October 16, 2024

Document Reference Number: ILF-2024-001

Summary of Content: Directions on the development and management of the Bank's Internal Legal Framework

Related Documents: Instruction or Guideline on Internal Legal Framework (to be issued, if necessary)

DIRECTIVE ON THE INTERNAL LEGAL FRAMEWORK

1. OVERRIDING OBJECTIVES

- 1.1 This Directive establishes a framework for the development and management of rules, processes, procedures and guidelines that relate to the conduct of activities within and by the Asian Infrastructure Investment Bank (“AIIB” or the “Bank”). Consistent with AIIB’s Articles of Agreement, the objectives of the Internal Legal Framework (“ILF”) are to organize the Bank’s rules, processes, procedures and guidelines in a more uniform, efficient and user-friendly manner, and to clarify the roles and responsibilities for issuing, sponsoring, approving and managing Internal Legal Framework documents.
- 1.2 The exercise and interpretation of this Directive shall seek to give effect to these overriding objectives.

2. APPLICATION

- 2.1 This Directive applies to all Bank Personnel.
- 2.2 This Directive supersedes the Presidential Memorandum on Internal Legal Framework and Administrative Communication dated December 2016 (“Presidential Memorandum”) except to the extent provided in the final sentence under Section 5.2 of this Directive.

3. DEFINITIONS

- 3.1 “AG” means Administrative Guidance as defined in the Presidential Memorandum.
- 3.2 “AIIB” has the meaning as defined in Section 1.1 of this Directive.
- 3.3 “Bank” has the meaning as defined in Section 1.1 of this Directive.
- 3.4 “Bank Personnel” has the meaning as defined in the Code of Conduct for Bank Personnel.
- 3.5 “Business Unit” has the meaning as defined in the Directive on Business Continuity.
- 3.6 “Editor” has the meaning as defined in Section 4.5(F) of this Directive.
- 3.7 “Effective date” has the meaning as defined in Section 4.7 of this Directive.
- 3.8 “ExCom” means the Executive Committee of the Bank.
- 3.9 “Head of Business Unit” means the officer leading a Business Unit.
- 3.10 “ILF Administrator” has the meaning as defined in Section 4.5(C) of this Directive.

- 3.11 “ILF Database” has the meaning as defined in Section 4.5(E) of this Directive.
- 3.12 “Internal Legal Framework” or “ILF” means the framework referred to in Section 1.1 of this Directive.
- 3.13 “Issuer” has the meaning as defined in Section 4.5(A) of this Directive.
- 3.14 “Legal Adviser” has the meaning as defined in Section 4.5(D) of this Directive.
- 3.15 “MCom” means the Management Committee of the Bank.
- 3.16 “Presidential Memorandum” has the meaning as defined in Section 2.2 of this Directive.
- 3.17 “Repository” has the meaning as defined in Section 4.5(E) of this Directive.
- 3.18 “Senior Management Committee” means a committee established by and accountable to the President, consisting of members of the Bank’s Senior Management and mandated to consider, discuss, deliberate, approve or make recommendations on matters falling within its specialized competence in accordance with its terms of reference. For the purposes of this Directive, ExCom and MCom do not fall within the definition of Senior Management Committee.
- 3.19 “Sponsor” has the meaning as defined in Section 4.5(B) of this Directive.
- 3.20 “Staff Members” has the meaning as defined in the Staff Regulations.
- 3.21 “Transition Period” means the 12-month period following the Effective Date of this Directive.
- 3.22 “Vice President or Direct Reporting Officer” means a Vice President or Head of Business Unit reporting directly to the President. For the purposes of this Directive, the Managing Director of the Complaints-resolution, Evaluation and Integrity Unit shall be considered equivalent to a Vice President or Direct Reporting Officer.
- 3.23 “Website Coordinator” has the meaning as defined in Section 4.5(F) of this Directive.

4. INTERNAL LEGAL FRAMEWORK

4.1 Types of Internal Legal Framework Documents

The Internal Legal Framework comprises the following categories of ILF documents, listed in order of precedence:

- A. **Policy or Staff Regulations:** A Policy is a document issued by the Board of Governors or the Board of Directors containing a rule or policy regarding the conduct of the Bank’s

activities.¹ The Staff Regulations are adopted by the Board of Directors to set forth the fundamental conditions of service and the basic rights, duties and obligations of the Bank and of Staff Members.²

- B. **Directive or Staff Rules:** A Directive is a document issued by the President containing a rule or instruction to supplement and/or implement a Policy, to delegate authority or to address additional issues regarding the conduct of the Bank's activities. The Staff Rules are issued by the President where such rules or instructions relate to terms and conditions of employment of Staff Members.
- C. **Instruction:** An Instruction is a document issued by a Vice President or Direct Reporting Officer containing a rule, instruction, procedure or process to supplement and implement a Directive or the Staff Rules, or to address additional issues regarding the conduct of the Bank's activities.
- D. **Guideline:** A Guideline is a document issued by a Vice President or Direct Reporting Officer containing guidelines or best practices regarding the conduct of the Bank's activities.

4.2 Other Bank-wide Documents

Any document other than those enumerated in Section 4.1 above are not considered ILF documents. These include bulletins or guidance notes issued by Heads of Business Units to provide information on the Bank's institutional activities or operational matters.

4.3 Hierarchy

- A. Policies and the Staff Regulations are the highest level ILF documents, with an ILF document issued by the Board of Governors taking precedence over an ILF document issued by the Board of Directors. All other ILF documents shall be subservient to Policies and to the Staff Regulations and shall not be interpreted, applied, or waived in a manner that is inconsistent with any Policy or the Staff Regulations. In the event that a Policy or the Staff Regulations conflict with the Articles of Agreement, the Articles of Agreement shall prevail.
- B. Directives or the Staff Rules take precedence over Instructions and Guidelines. Instructions and Guidelines shall be subservient to Directives and the Staff Rules and shall not be interpreted, applied, or waived in a manner that is inconsistent with any Directive or the Staff Rules.

¹ For the purposes of this Directive, documents considered equivalent to a Policy issued by the Board of Governors include the By-Laws, the Code of Conduct for Board Officials, the Code of Conduct for Bank Personnel, and the Rules of Procedure of the Board of Governors while documents considered equivalent to a Policy issued by the Board of Directors include the Rules of Procedure of the Board of Directors.

² In accordance with Article 26(v) of the AIIB Articles of Agreement, the Board of Directors also approves the strategy, annual plan and budget of the Bank.

- C. Instructions take precedence over Guidelines. Guidelines shall be subservient to Instructions and shall not be interpreted or applied in a manner that is inconsistent with any Instruction.

4.4 Legal Effect

- A. Compliance with Policies, the Staff Regulations, Directives, the Staff Rules and Instructions is mandatory unless waived in accordance with Section 4.8 of this Directive. Non-compliance with a Policy, the Staff Regulations, a Directive, the Staff Rules or an Instruction may amount to misconduct under the Code of Conduct for Bank Personnel.
- B. Compliance with Guidelines is non-mandatory. Given its non-mandatory nature, Bank Personnel may choose to depart from the provisions of a Guideline without the need for a waiver or formal approval process. Nonetheless, Bank Personnel are generally expected to be able to record a reasonable justification for such departure. Any departure from a Guideline must still adhere to any applicable Policy, the Staff Regulations, Directive, the Staff Rules or Instruction.

4.5 Roles and Responsibilities

A. Issuer

- i. The issuer (“Issuer”) of Policies or the Staff Regulations is the Board of Governors or Board of Directors. The Issuer of Directives or the Staff Rules is the President. The Issuer of Instructions or Guidelines is a Vice President or Direct Reporting Officer.
- ii. The Issuer is responsible for:
 - a. approving and issuing new and revised ILF documents in accordance with Sections 4.6 and 4.7 of this Directive;
 - b. subject to paragraph (c) of this subsection (ii), making final decisions regarding the application of an ILF document, including whether to grant a waiver thereof; and
 - c. where necessary in respect of a Directive or the Staff Rules, delegating the authority to make final decisions regarding its application in accordance with Section 4.8 of this Directive.

B. Sponsor

- i. The sponsor (“Sponsor”) is the Head of the Business Unit that formulates and recommends the issuance of, or proposes revisions to, an ILF document. The Sponsor of an ILF document shall be determined on the basis of several factors, including the assigned responsibilities of the relevant Heads of Business Units, the areas of expertise of the relevant Business Units, and the provisions and drafting history of existing ILF documents. Where more than one Business Unit is involved, the Business Unit who takes the lead in such process shall be the Sponsor of the ILF document, subject to consultation and, where relevant, guidance from the appropriate Senior Management Committee.

- ii. The Sponsor is responsible for:
 - a. formulating and recommending the issuance of, or proposing the revision and re-issuance of, an ILF document;
 - b. consulting with, and incorporating inputs from, all relevant Business Units on such a new or revised ILF document prior to its review by ExCom, MCom or the relevant Senior Management Committee pursuant to Section 4.6 of this Directive;
 - c. proposing, in consultation with the Website Coordinator, an appropriate security classification for an ILF document in accordance with the Directive on Information Classification System;
 - d. submitting approved ILF documents to the ILF Administrator for Bank-wide promulgation and dissemination;
 - e. providing the Repository with information necessary for the publication, cataloguing and archiving of an ILF document;
 - f. providing implementation support in relation to such ILF document;
 - g. monitoring and reviewing the continued relevance and applicability of such ILF document; and
 - h. performing other activities necessary to support effective application of such ILF document.

C. Administrator

- i. The Vice President and Chief Administration Officer is the ILF administrator (“ILF Administrator”).
- ii. The ILF Administrator is responsible for:
 - a. verifying submitted ILF documents against eligibility criteria for promulgation and dissemination; and
 - b. promulgating and disseminating the approved ILF documents within the Bank.

D. Legal Adviser

- i. The General Counsel is the legal adviser (“Legal Adviser”) for all ILF documents.
- ii. The Legal Adviser is responsible for
 - a. providing legal advice on the formulation of new ILF documents and the revision of existing ILF documents;
 - b. reviewing a new or revised ILF document insofar as necessary to ensure its consistency with this Directive; and
 - c. providing legal advice on the interpretation and application of ILF documents.

E. Repository

- i. The Director General, Facilities and Administration Services Department acts as the repository (“Repository”) for all ILF documents in accordance with the Directive on Records and Information Management.

- ii. The Repository is responsible for maintaining a common database for all ILF documents (“ILF Database”) in the Bank’s intranet, which serves to publish, catalogue, and archive ILF documents.

F. Editor and Website Coordinator

- i. The Director General, Communications Department is the editor (“Editor”) and website coordinator (“Website Coordinator”) for all ILF documents.
- ii. The Editor is responsible for reviewing, editing, and proof-reading the draft ILF documents for clarity and internal consistency.
- iii. The Website Coordinator is responsible for:
 - a. implementing disclosure of all ILF documents on the Bank’s public website in accordance with the Policy on Public Information;³ and
 - b. ensuring that all ILF documents published on the Bank’s public website are sourced from the ILF Database maintained by the Repository.

4.6 Approval

- A. A Policy or the Staff Regulations is reviewed by the relevant Senior Management Committee and ExCom and approved by the Board of Governors or Board of Directors. If there is no relevant Senior Management Committee, the Policy is reviewed by MCom and ExCom, and approved by the Board of Governors or Board of Directors.
- B. A Directive or the Staff Rules shall be reviewed by the relevant Senior Management Committee and approved, following review by ExCom, by the President, after which it shall be circulated to the Board of Directors for information. If there is no relevant Senior Management Committee, the Directive shall be reviewed by MCom and approved, following review by ExCom, by the President, after which it shall be circulated to the Board of Directors for information.
- C. An Instruction shall be reviewed by the relevant Senior Management Committee and approved, following review by ExCom (where appropriate, on an absence-of-objection basis), by the relevant Vice President or Direct Reporting Officer. If there is no relevant Senior Management Committee, the Instruction shall be reviewed by MCom and approved, following review by ExCom (where appropriate, on an absence-of-objection basis), by the relevant Vice President or Direct Reporting Officer.
- D. A Guideline shall be reviewed by the relevant Senior Management Committee and approved by the relevant Vice President or Direct Reporting Officer, after which it shall be circulated to ExCom for information. If there is no relevant Senior Management Committee, the Guideline shall be reviewed by MCom and approved by the relevant Vice President or Direct Reporting Officer, after which it shall be circulated to ExCom for information.

³ For disclosure requirements, including exceptions thereto, please consult the Policy on Public Information on the Bank’s website.

- E. Revisions to ILF documents shall be reviewed and approved following the same process as set out in paragraphs A, B, C and D of this Section.

4.7 Issuance and Entry into Effect

An ILF document shall be issued after its approval and take effect upon its designated Effective Date (“Effective Date”). An ILF document’s Effective Date may not fall on a date prior to its communication to Bank Personnel unless otherwise stated in the applicable ILF document.

4.8 Application and Waiver

- A. **Policy or the Staff Regulations:** The Board of Governors or the Board of Directors which issues a Policy or the Staff Regulations makes all final decisions regarding its application, including whether to grant a waiver thereof.
- B. **Directive or the Staff Rules:** The President who issues a Directive or the Staff Rules shall make all final decisions regarding its application, including whether to grant a waiver thereof, except where he or she delegates such authority to a Vice President or Direct Reporting Officer.
- C. **Instruction:** The Vice President or Direct Reporting Officer who issues an Instruction shall, in consultation with the Legal Adviser, make all final decisions regarding its application, including whether to grant a waiver thereof.

5. TRANSITION PERIOD

- 5.1 ILF documents issued subsequent to the Effective Date of this Directive shall be governed by this Directive.
- 5.2 During the Transition Period, ILF documents issued prior to the Effective Date of this Directive shall be reviewed by their Sponsors and revised, if necessary, to conform with this Directive. Such ILF documents shall continue to be governed by the Presidential Memorandum during the Transition Period.
- 5.3 Following the Transition Period, ILF documents issued prior to the Effective Date of this Directive shall be governed by this Directive, with AGs deemed reclassified as Guidelines within the meaning of this Directive.

6. IMPLEMENTATION

The General Counsel shall issue, if necessary, any related Instruction or Guideline to ensure the effective implementation of this Directive.