

Administrative Instruction

ICC/AI/2018/001

Date: 11 January 2018

INVESTMENT OF SURPLUS FUNDS

The Registrar, with the consent of the President and the Prosecutor, pursuant to sections 3.2 and 3.3 of Presidential Directive ICC/PRES/D/G/2003/001 (*“Procedures for the promulgation of administrative issuances”*) and for the purpose of implementing Financial Regulations 1 and 9 and Financial Rules 101.1(d), 109.1 to 109.5, hereby promulgates the following:

Section 1

Purpose of the Administrative Instruction

- 1.1. This Administrative Instruction sets out the policy and procedures by which the International Criminal Court (*“the Court”*) shall invest funds that are not needed for the investment period, such period being either up to twelve months (*“short-term investments”*), or up to thirty six months (*“medium-term investments”*). These funds shall be considered as surplus (*“surplus funds”*).

Section 2

Scope

- 2.1. This Administrative Instruction applies to short and medium-term investments of surplus funds for all official accounts of the Court, that is to investments on accounts in the:
- (a) General Fund;
 - (b) Working Capital Fund;
 - (c) Trust Funds; and
 - (d) ICC Special Accounts.

- 2.2. Surplus funds shall be invested on a global basis and for a period of up to thirty six months, in accordance with Financial Regulation 9 and Financial Rule 109.1.

Section 3

Investment responsibilities

- 3.1. In accordance with Financial Regulation 1 and Financial Rule 101.1 (d), the Registrar delegates his/her authority to the Head of the Accounts and Treasury Unit for short and medium-term investment of surplus funds. The Head of the Accounts and Treasury Unit shall be responsible for the day-to-day management and control of investments under the direct supervision of the Chief of the Finance Section.

Section 4

Investment policy

- 4.1. The primary principle of the Court's investment policy is the preservation of the purchasing power of the Court's cash assets. Within this overall objective, the main principles governing the investment of surplus funds shall be:
- (a) Maintaining liquidity;
 - (b) Avoiding undue currency risks; and
 - (c) Earning a reasonable rate of return without jeopardising the security of the Court's assets.

Section 5

Determination of surplus funds

- 5.1. The Chief of the Finance Section, together with the Head of the Accounts and Treasury Unit, shall determine the amounts and maturities of investments on the basis of cash flow projections, monthly expenditure forecasts, and any maturing investments.
- 5.2. The amounts and maturities of investments shall be placed in a manner which covers the Court's immediate monthly disbursement needs for operational purposes. When this requirement has been met, any remaining funds may be invested.

Section 6
Types of investments

- 6.1. Investments shall be placed in the following instruments:
- (a) Currency time deposits;
 - (b) Money market funds;
 - (c) Currency certificates of deposit;
 - (d) Notes and bonds with short or medium-term maturities;
 - (e) Commercial paper issued by banks;
 - (f) Treasury bills and notes; and
 - (g) Bankers' acceptances.
- 6.2. Funds required for future disbursements shall be kept in interest-bearing current accounts, withdrawal from which requires no advance notice. Funds in current accounts shall also serve as liquidity reserve, so that any unforeseen cash requirements may be covered.

Section 7
Tendering procedures

- 7.1. When placing investments, the Head of the Accounts and Treasury Unit shall seek to obtain competitive bids from at least three different sources. Funds shall normally be placed with the source providing the highest interest rate, subject to the restrictions stated in sub-section 9.1 and sub-section 9.3 below.
- 7.2. This procedure shall also be followed in situations where prior investments reach their maturity date, but the funds are not required at that stage and should be rolled over. In a situation where there is an investment rollover, if an alternative financial instrument or institution is found to be offering a higher interest rate, the principal plus interest shall normally be transferred to the financial instrument or institution offering the highest interest rate, subject to the restrictions stated in sub-section 9.1 and sub-section 9.3.
- 7.3. Any exceptions to the tendering process and reasons for not accepting the bid with the highest interest rate must be approved by the Chief of the Finance Section, recorded and attached to the copy of the confirmation order. After receiving the financial institution's official advice confirming the placement, the Head of the Accounts and Treasury Unit shall compare the

confirmation order with the financial institution's advice and follow up on discrepancies without delay.

Section 8

Investments Review Committee and Investment Reporting

- 8.1. All investments and investment operations shall be reviewed periodically by the Investments Review Committee, in accordance with its terms of reference as set out in annex 1 to this Administrative Instruction. The Investments Review Committee shall act in an advisory capacity to the Registrar.
- 8.2. In accordance with Financial Regulation 9.1, the Registrar shall report periodically on all investments to the Presidency and, through the Committee on Budget and Finance, to the Assembly of States Parties.

Section 9

Financial institution selection and investment limits

- 9.1. For reasons of security, investments shall be placed only with financial institutions which offer a minimum AA (-) credit rating as assessed by Standard & Poor's, Moody's or Fitch, which indicates that an institution has a strong ability to repay debt obligations.
- 9.2. The Head of the Accounts and Treasury Unit shall, on behalf of the Registrar, maintain an up-to-date list of reputable financial institutions which are domiciled in the major money market centres throughout the world. All investments shall require the signature of two official bank signatories in accordance with Financial Rule 109.3 (b).
- 9.3. Investments shall be spread amongst a number of financial institutions to avoid concentrating too many funds within few institutions. Not more than one third of the cash assets shall normally be invested in one institution. If the cash assets decrease to a point where more than one third is invested in one institution, the situation shall be regularised as soon as sufficient investments have matured.
- 9.4. The financial institution's selection and investment limits shall be relaxed during periods of external events such as an unstable situation in the financial sector. The Head of the Accounts and Treasury Unit together with the Chief of the Finance Section shall determine concentration

of funds and financial institution selection based on the safety and security of the funds. This exception shall be approved by the Investment Review Committee. The concentration of funds and financial institution selection standard procedures shall be reinstated immediately upon the stabilisation of the financial sector.

Section 10

Monitoring of investments

- 10.1. All investments shall be closely monitored by the Head of the Accounts and Treasury Unit who can anticipate and appropriately respond to any risks such as deteriorating economic or political conditions in States where the funds are located or, deteriorating credit rating of financial institutions with which investments are placed which may have a negative effect on the value of investments which have not matured. Any potential or real risks which may arise shall be brought immediately to the attention of the Investments Review Committee.
- 10.2. Before investments reach maturity, the Head of the Accounts and Treasury Unit, in coordination with the Chief of the Finance Section shall decide, whether all or part of a maturing investment should be rolled over, invested in another financial instrument or institution, or transferred to a current account on the basis of the liquidity position and the recommendations of the Investments Review Committee. Any such roll over or re-investment shall be subject to the requirements and procedures set out in section 7. The Head of the Accounts and Treasury Unit shall instruct the financial institution holding such investments as to the disposition of those funds. For all investments the Head of the Accounts and Treasury Unit shall ensure that the correct amount, including the principal plus investment income, is credited to the Court's accounts.

Section 11

Accounting procedures

- 11.1. The Head of the Accounts and Treasury Unit shall record all investment transactions, placements, redemptions and investment income in the accounts of the Court.
- 11.2. Investments shall also be recorded in an investment ledger by the Head of the Accounts and Treasury Unit, which shows the relevant details of each investment, including the:
 - (a) Nominal value;

- (b) Cost of the investments;
- (c) Date of maturity;
- (d) Issuer;
- (e) Proceeds of sale; and
- (f) Any income earned.

Section 12

Accounting and reporting rules for investments

12.1. On a monthly basis, the Head of the Accounts and Treasury Unit shall report to the Registrar, through the Chief of Finance Section, on the status of the Court's investments by:

- (a) Type of investment;
- (b) Issuer;
- (c) Currency;
- (d) Nominal value;
- (e) Time period;
- (f) Maturity date;
- (g) Interest rate; and
- (h) Investment income.

Section 13

Custody of investments

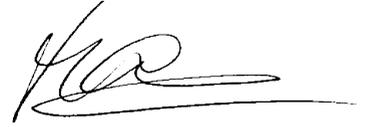
13.1. The Head of the Accounts and Treasury Unit shall be responsible for the custody of investment securities and other investment papers which shall be deposited in the safe located in the Finance Section, or in the safe deposit boxes of financial institutions.

Section 14

Final Provisions

14.1. This Administrative Instruction shall revoke Administrative Instruction ICC/AI/2012/002 and its related annex.

14.2 This Administrative Instruction shall enter into force on 11 January 2018.

A handwritten signature in black ink, consisting of a stylized 'H' followed by a series of loops and a long horizontal stroke at the end.

Herman von Hebel
Registrar