

Invitation to Comment

**Proposed Revision to the International
Federation of Accountants' Constitution**



**International Federation
of Accountants**

International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

The mission of the International Federation of Accountants (IFAC) is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

This Invitation to Comment has been issued by the IFAC Board to seek input on the proposed revision to the IFAC Constitution.

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INVITATION TO COMMENT
PROPOSED REVISION TO THE INTERNATIONAL FEDERATION OF
ACCOUNTANTS' CONSTITUTION

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FEDERATION OF ACCOUNTANTS' CONSTITUTION

I. Introduction and Request for Comment

1. This Invitation to Comment has been issued by the Board of the International Federation of Accountants (IFAC) to seek input on the proposed revision to the IFAC Constitution. Included as appendices to this document are the following:
 - Appendix 1: A summary table identifying the action taken in relation to each individual section of the existing [IFAC Constitution](#).
 - Appendix 2: A marked-up version of the proposed Constitution in the restructured format. The marked-up changes to this document reflect changes from the sections of the existing Constitution. These marked-up changes do not reflect changes resulting from reordering of individual sections.
 - Appendix 3: A clean version of the proposed Constitution in the restructured format.
2. Comments are invited on any aspect of this Invitation to Comment. Comments should be submitted in writing so as to be received by February 1, 2006. E-mail responses are preferred. Comments should be addressed to:

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II. Background

3. The objective of the revision of the IFAC Constitution is to establish a clear, understandable and robust IFAC governance document structure.
4. IFAC is registered in Geneva, Switzerland under Articles 60 through 79 of the Swiss Civil Code. One of the requirements of the Swiss Civil Code is that IFAC have in place a written Constitution. Currently, IFAC's only governance document is its Constitution, which sets out its membership and governance structures.
5. The IFAC Board appointed a Constitutional Working Group (CWG) in July 2004 to consider the revision of the existing Constitution and the development of additional governance documents, such as bylaws and policies, as are necessary to support the revised Constitution. These governance documents will reflect the purpose of the IFAC and the expectations of IFAC stakeholders, as well as establishing a decision making framework for governing and managing IFAC that is based on current best practice for non-profit professional organizations.
6. Recognizing the importance of IFAC's foundation document, the Board determined that the process should take place across a two-year period to ensure that there was adequate consultation with IFAC stakeholders that were affected by the revision, in particular IFAC member organizations. The purpose of this consultation paper is to provide an

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opportunity to those interested parties to comment on the revision of the IFAC Constitution and the intended hierarchy of IFAC governance documents. The planned culmination of this project is the approval by the IFAC Council of a revised Constitution and set of IFAC Bylaws at its meeting in November 2006 in Istanbul, Turkey.

7. In addition to seeking comment through this consultation process, it is planned that a workshop will be held during the IFAC Council meeting in November 2005 in Auckland, New Zealand, to provide an opportunity for IFAC Council members to better understand the proposed changes and the reasons for these changes, and to enable those attending to provide input into the revision process.

III. Rationale for the Revision

8. The Board agreed to undertake this revision of the Constitution for several reasons, which included:
 - Addressing any unintended internal inconsistencies in the Constitution arising as a result of several years of amendments being made on an as required basis.
 - Needing to confirm consistency between the Constitution and the Swiss Civil Code requirements.
 - Addressing inconsistencies in the drafting of the Constitution created by having a combination of high level principles and lower level procedural details.
9. The intention of the Board in revising the existing Constitution has been not to alter the alignment of powers between the Council, the Board, the Officers and management. Rather it has been to reorganize the way these powers are documented to provide a logical and coherent structure, which enables efficient and effective application. However, in undertaking its work the CWG has identified several instances where changes were considered necessary for the following reasons:
 - To ensure an alignment with the provisions of the Swiss Civil Code;
 - To achieve greater internal consistency within the existing provisions of the Constitution; and
 - To improve existing governance practice.
10. With the exception of the points noted above in paragraph 9, the scope of this revision did not extend to a full review of the constitutional provisions. Where matters are raised that are considered to fall outside the scope of this review they will be provided to the Board for its consideration as to the appropriate action.
11. At an early stage the CWG and the Board considered that the existing framework as reflected in the IFAC Constitution would need to be restructured. This would be achieved by refocusing the existing Constitution to be the foundation governance document for IFAC, based largely on principles, and developing additional governance documents to provide sufficient in-depth support for the provisions of the Constitution.

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12. In developing the proposed Constitution the CWG and the Board considered that the Constitution should:
- Reflect all the applicable provisions of the Swiss Civil Code;
 - Accurately reflect the key governance relationship between IFAC and its member bodies;
 - Explain how member bodies are able to influence the governance of IFAC;
 - Incorporate matters of particular significance for IFAC in achieving its mission, such as matters which underpin IFAC's relationships with key external groups, that are considered to warrant inclusion in the Constitution rather than the IFAC Bylaws;
 - Be drafted at a principles level, excepting the above points, with more detailed matters of policy and procedure captured in the IFAC Bylaws; and
 - Be drafted in such a way that it is able to stand the test of time and not require amendment on a regular basis.

IV. Significant Matters

13. The matters of significance on which the CWG and Board would welcome specific feedback have been listed below. Respondents are free to provide additional comments on other matters relating to the proposed revision of the IFAC Constitution. The matters of significance have been identified in the following categories—document structure, Swiss Civil Code requirements and good governance improvements. These matters will be discussed more fully in the Workshop session that will be held as part of the IFAC Council meeting being held in Auckland, New Zealand on November 17, 2005.

Document Structure

14. The Board proposes that IFAC operate a three-tier governance document structure, which would comprise the following documents:
- IFAC Constitution.
 - IFAC Bylaws.
 - IFAC Policies and Procedures Manual.

IFAC Constitution

15. The intention is that the IFAC Constitution will remain as the primary governance and foundation document of IFAC. The proposed Constitution (included in Appendices 2 and 3) has been developed on the basis of the considerations identified in paragraph 10 above in addition to incorporating the following more specific considerations:
- The purpose of IFAC in achieving the IFAC mission, while ensuring that it remains committed to its values of integrity, expertise and transparency.

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- How IFAC intends to ensure its governance and management structures are responsive to the expectations of member bodies, the wider profession, regulators and other stakeholders, including the public.
 - The establishment of the necessary governance bodies and their respective functions and powers, including the Council, the Board, the Nominating Committee and the Audit Committee.
 - The establishment of other IFAC groups and relationships with key external groups as appropriate in the current environment.
16. It is not proposed that the current process for amending provisions in the Constitution would be changed.

IFAC Bylaws

17. The IFAC Bylaws, which do not currently exist, will contain:
- Provisions from the existing Constitution that are considered to provide a greater level of detail than is required in the Constitution.
 - New provisions required to provide further, more detailed, support for the provisions in the proposed Constitution.
18. The Bylaws would reflect the roles and functions of the IFAC groups established in the Constitution.
19. It is intended that changes to the Bylaws would ultimately be approved by the Council on the recommendation of the Board. However, it is proposed that the Board will have the authority to approve bylaw amendments for immediate effect on the basis that no amendments shall have force beyond the next IFAC Council meeting unless it is confirmed by the Council at that meeting. This is increasingly common practice and better enables an organization to address issues on a timely basis, while also ensuring that the Council retains the final authority.

IFAC Policies and Procedures Manual

20. The IFAC Policies and Procedures Manual, which does not currently exist in the proposed form, will capture policies and procedures as determined by the Board and IFAC management from time to time in support of the provisions of the IFAC Constitution and IFAC Bylaws.

Question

- 1. In relation to the IFAC Bylaws, do you agree that the Board should have the power to approve amendments to the Bylaws for immediate effect on the basis that all amendments are then subject to final approval by the Council at its next meeting? If not, for what reasons?**

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Swiss Civil Code Requirements

21. The provisions of the Swiss Civil Code that relate to IFAC are prescribed under requirements for “associations” in Articles 60–79 of the Code. Articles 60–63 are mandatory for inclusion in IFAC’s Constitution. Articles 64–79 will apply in the absence of constitutional provisions or will overrule the Constitution if inconsistent with these provisions. The approach taken by the Board and the CWG has been to ensure that the Swiss Civil Code requirements relevant to IFAC are reflected in the IFAC Constitution for the purpose of completeness.
22. The most significant amendment to the IFAC Constitution as a result of the review of the Swiss Civil Code is a clarification of IFAC membership. The Swiss Civil Code requires that all members have a vote at the Council. At present the IFAC Constitution refers to three categories of IFAC membership—full members, associate members and affiliate members. IFAC assigns different levels of obligations and rights to each of these categories. These rights include those members that have the ability to vote. The Board considers that the intent of the Constitution was to allow only full members (referred to as “member bodies” in the Constitution) to have the ability to vote and to recognize two other categories, namely associate and affiliate members, without them being granted the right to vote at a Council meeting. Full members also receive other rights which are not provided to these two categories.
23. A significant number of the membership provisions included in the existing Constitution result from having to differentiate in the treatment of the three categories of membership.
24. In addressing this issue the Board proposes that the Constitution should confirm only “full members” to be referred to as member bodies of IFAC and then state the rights and obligations for these members. In respect to the other two existing categories, the Constitution should be silent and the IFAC Bylaws incorporate the existence of “associates” and “affiliates”, with the word “member” not used. The provisions relating to the admission, suspension, expulsion, rights and obligations of associates and affiliates would also be moved to the IFAC Bylaws. The power to admit and expel member bodies, associates and affiliates would remain with the Council.

Question

- | |
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| 2. Do you agree that the provisions relating to “associates” and “affiliates” should be moved to the IFAC Bylaws? If not, for what reasons? |
|--|

Good Governance Improvements

25. The Board and CWG have incorporated various amendments in the proposed IFAC Constitution on the basis that they reflect better governance practice or are considered general improvements to the present operation of IFAC. Specific feedback questions have been asked only on certain amendments; however respondents are free to provide comments in relation to all amendments made. The references in parentheses indicate the part of the proposed Constitution where these amendments are included. The proposed amendments are as follows:

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- The “delinquent member body” definition has been amended to specify that member bodies become delinquent if they have not paid their annual financial contributions prior to the next Ordinary meeting of the Council, rather than setting the existing period of one year from when their financial contributions are due. (Interpretations)
- That delinquent member bodies and suspended members bodies shall be entitled to attend Ordinary meetings of the Council but shall not be permitted to participate in the discussions and deliberations, or be entitled to vote at the Council meetings. At present it is only specified that they shall not be entitled to vote. (Section 4.5)
- The requirements to specify voting instructions for proxies given to Regional Organizations are removed. (Section 4.6(c))
- Discretionary power is given to the Chair of the meeting to accept proxies within 24 hours of the meeting, subject to ratification by the Council. (Section 4.7)
- A small degree of flexibility in the allocation of Board seats to the three member body categories has been provided, better to enable the Nominating Committee to recommend and the Council to appoint the best candidates for the positions. The Board and CWG considers that this flexibility better enables the IFAC Nominating Committee to apply the “best person for the job” criterion. (Section 5.2)
- The general definition of the “best person for the job” is to include “leadership and other personal skills,” in addition to various (e.g. geographic) balancing factors. (Sections 5.3 and 5.16)
- The detail of the Board powers is moved to the IFAC Bylaws, with the exception of the Board’s general authority to take all practicable steps to achieve the objectives of IFAC. (shown in the marked-up version following Section 5.4)
- References to IFAC standing committees are moved to the IFAC Bylaws. While the Board and CWG agreed to move reference to all standing committees to the IFAC Bylaws, it initially considered whether it would keep in the Constitution reference to the four standard setting groups and public interest activity committees over which the Public Interest Oversight Board (PIOB) has oversight. This was considered on the grounds that it was important to signal IFAC’s commitment to these activities. This would then separate the establishment of the various IFAC standing committees between the IFAC Constitution and the Bylaws. The Board determined that it was important that establishment of all standing committees should be in the same place and that it was appropriate for that to be in the Bylaws. It also considered that including references to these groups in the Bylaws provided a sufficient signal of IFAC’s commitment to those activities. (shown in the marked-up version following Section 5.10)
- The provision concerning the size of the Nominating Committee is amended to state that it shall be composed of the President and Deputy President (ex officio) and no less than four ordinary members. This is intended to allow for a broader

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representation from the ordinary members within the Nominating Committee. (Section 5.12)

- A requirement is included that the Nominating Committee report to the Board and Council on matters of process and other significant matters. It is intended that this additional reporting requirement, in addition to changes being proposed in the Nominating Committee terms of reference, will improve the transparency of the nominating process. (Section 5.18)
- The size limit for the Audit Committee is changed from “three” to “no less than three.” This also is seen as enabling a broader set of skills and expertise to be appointed to the Audit Committee. (Section 5.20)
- The Chief Executive is included as one of the IFAC Officers. The Board and CWG considers that this change better reflects the existing responsibilities that are placed on the IFAC Chief Executive and their role in leading IFAC. (Section 7.1)
- An indemnification section is included to provide clarification for IFAC volunteers regarding their limitation on liabilities and indemnification rights. (Section 11.1)

Questions

- 3. Do you agree with providing to Council a small degree of flexibility in the number of Board members to be selected from the three categories of dues contributors? If not, for what reasons?**
- 4. Do you agree that reference to all IFAC standing committees should be moved to the IFAC Bylaws? If not, for what reason?**
- 5. Are there any other matters that you wish to raise with the proposed revision to the IFAC Constitution?**

V. IFAC Bylaws

26. The summary table provided in Appendix 1 indicates which provisions in the current Constitution are proposed to be moved to the IFAC Bylaws. It is planned that the provisions being moved to the Bylaws will be included in their entirety with changes generally being limited to wording improvements. The proposed IFAC Bylaws will incorporate the detailed provisions taken out of the Constitution, as indicated, as well as new provisions to further support the provisions of the proposed Constitution.
27. The CWG is in the process of developing the proposed Bylaws but considers that it is important to confirm the content of the proposed Constitution prior to finalization of the proposed Bylaws.
28. Following consultation on the attached proposed Constitution the CWG will prepare a draft IFAC Bylaws document for consideration by the Board. The IFAC Bylaws will be provided to the Council for consideration, along with the proposed Constitution, ahead of the November 2006 Council meeting. Questions regarding the proposed moving of existing Constitution provisions to the Bylaws will be addressed as part of the Workshop session being held at the November 2005 Council meeting.

Appendix 1

Summary Table of Proposed Changes to the IFAC Constitution

The summary table below highlights the proposed actions in relation to the sections of the existing IFAC [Constitution](#). Where new sections are proposed for the revised Constitution, these new sections are identified in the “Proposed IFAC Constitution” and not in this table.

In cases where the proposed action is to retain the section in the proposed Constitution, the new section reference will be provided below. When the proposed action is to move the existing section to the proposed IFAC Bylaws, unless indicated otherwise, it is assumed that the substance of the section will be captured in the Bylaws, subject only to possible wording changes.

EXISTING IFAC CONSTITUTION SECTION	ACTION UNDER THE PROPOSED IFAC CONSTITUTION AND BYLAWS STRUCTURE
Interpretations	Interpretations – Retained in the proposed Constitution
Part 1 – Name, Objectives and Purpose	
1	1.1
2	1.4, 1.5 and 1.6
Part 2 – Membership	
3 and 3(a)	2.1 and 2.4
3(b) and 3(c)	IFAC Bylaws
4	2.2, 12.1 (part of 4(b)) and IFAC Bylaws (provisions relating to “associate members”)
5	IFAC Bylaws
6	2.6 and 2.7
Part 3 – Governance of IFAC	
7	3.2 and 3.3

SUMMARY TABLE OF PROPOSED CHANGES TO THE IFAC CONSTITUTION

EXISTING IFAC CONSTITUTION SECTION	ACTION UNDER THE PROPOSED IFAC CONSTITUTION AND BYLAWS STRUCTURE
Part 4 – The Council	
8(a)	3.1(a), 4.5 and IFAC Bylaws (provisions relating to attendees at Council meeting)
8(b)	3.1(b)
8(c)	3.1(c)
9(a)-(d)	3.4(a)-(d)
9(e)	3.4(e) and IFAC Bylaws (provisions relating to associate and affiliate admission and expulsion)
9(f)-(h)	3.4(f)-(h)
9(i)	IFAC Bylaws
9(j)-(k)	3.4(i)-(j)
10	4.1 and IFAC Bylaws (provisions relating to holding of World Congress of Accountants). Discussion of “rules” has been deleted as superseded by establishment of IFAC Bylaws and Policies and Procedures Manual.
11	4.2
12	Incorporated into 4.2
13	4.3
14	4.4 and 4.6
15	4.8
16	4.9
17	4.10
18	4.11
19	14.1
20	4.5
Part 5 – The Board	
21	5.1
21(a)	IFAC Bylaws
21(b) – Deleted	Deleted

SUMMARY TABLE OF PROPOSED CHANGES TO THE IFAC CONSTITUTION

EXISTING IFAC CONSTITUTION SECTION	ACTION UNDER THE PROPOSED IFAC CONSTITUTION AND BYLAWS STRUCTURE
21(c)	Replaced by 5.2
21A	IFAC Bylaws
21B	IFAC Bylaws
22	5.6
23	IFAC Bylaws
24	IFAC Bylaws
25	5.7
26	5.8
27	Deleted as redundant
28	IFAC Bylaws
29	5.9 and IFAC Bylaws
30	6.3
31(a)	5.4
31(aa)-(bb)	IFAC Bylaws
31(c)	Deleted as discussion of “rules” has been superseded by establishment of IFAC Bylaws and Policies and Procedures Manual.
31(d)-(ii)	IFAC Bylaws
31(j)	Deleted as considered redundant
31(k)-(oo)	IFAC Bylaws
31(p)	5.4
31A	5.5
31B	9.1
31C	9.2
32	6.6 and IFAC Bylaws (provisions relating to appointment of a proxy)
33	6.1
33A	6.4
34	6.2
34A	5.10

SUMMARY TABLE OF PROPOSED CHANGES TO THE IFAC CONSTITUTION

EXISTING IFAC CONSTITUTION SECTION	ACTION UNDER THE PROPOSED IFAC CONSTITUTION AND BYLAWS STRUCTURE
6 – Committees	
35	IFAC Bylaws
35A	9.1
Part 7 – Nominating Committee	
36	5.11, 5.13 and IFAC Bylaws (provisions relating to the details of appointments process to the Nominating Committee)
37	5.14 and IFAC Bylaws (provisions relating to the operating procedures of the Nominating Committee for appointments not subject to oversight by the PIOB)
38	5.15 and IFAC Bylaws (provisions relating to the recommendations made to the Council)
38A	5.16
38B	9.1
Part 8 – Incapacity, etc. of President and Deputy President	
39	7.4
40	7.5
Part 9 – Chief Executive	
41	8.1
41A	8.2
Part 10 – Administration and Governance	
42	1.2 and 1.3
43	10.3
44	7.1
44A	5.18

SUMMARY TABLE OF PROPOSED CHANGES TO THE IFAC CONSTITUTION

EXISTING IFAC CONSTITUTION SECTION	ACTION UNDER THE PROPOSED IFAC CONSTITUTION AND BYLAWS STRUCTURE
44B	9.1
45	5.20
46	10.2
Part 11 – Method of Signature	
47	7.3

Appendix 2

Proposed International Federation of Accountants' Constitution (marked version)

Shading indicates provisions that are in the Swiss Civil Code that are mandatory; or provisions that will apply in the absence of constitutional provisions or will overrule the Constitution if inconsistent with the Swiss Civil Code. Swiss Civil Code Article references are provided as necessary at the end of a paragraph.

The Section references to the current Constitution are included at the end of each paragraph in parentheses as necessary.

Provisions	Subsection References
<p><u>Interpretations</u></p> <p>This Interpretations Clause shall form part of this Constitution, in which:</p> <p><u>An “appropriate mode of communication” is considered to be a transmission via mail, courier, facsimile, electronic mail, or by posting on the International Federation of Accountants website or intranet and notification thereof from one party to another.</u></p> <p><u>“Delinquent member body” means a member body that fails to pay its financial contribution prior to the date of the following Council meeting after such contribution has become due.</u></p> <p>“The Forum of Firms” (hereinafter referred to as “the Forum”) means the grouping of firms and of networks of firms which have (or are interested in having) transnational audit appointments and which have undertaken certain obligations towards the Forum and the International Federation of Accountants designed to promote consistently high standards of financial reporting and auditing worldwide.</p> <p><u>“Member body” means a professional accountancy organization that has been admitted to the International Federation of Accountants and has retained its membership in good standing.</u></p> <p>“The Monitoring Group” is a group of regulatory and international organizations that have a responsibility to protect and advance the public interest and are committed to strongly supporting the development of high quality international auditing and assurance standards by <u>the</u> International Federation of Accountants and related high quality implementation practices by the international auditing profession.</p> <p>“The Public Interest Oversight Board” (hereinafter referred to as “the PIOB”) is an independent body charged with the oversight of the public interest activities of <u>the</u> International Federation of Accountants.</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>“The Transnational Auditors Committee” (hereinafter referred to as “the TAC”) means the committee of the International Federation of Accountants, which committee is the executive arm of the Forum.</p>	
<p>1 General Statements</p>	
<p>1.1 The name of the organization shall be the International Federation of Accountants (hereinafter referred to as “IFAC”). (Section 1) (Art. 60.2)</p>	Name of the Organization
<p>1.2 IFAC shall be an association governed by this Constitution and Articles 60-79 of the Swiss Civil Code and any amendment <u>to those Articles thereof</u>. Its registered offices shall be in Geneva. (Section 42) (Art. 60.1)</p> <p><u>1.3 IFAC’s registered offices shall be in Geneva, Switzerland.</u> (Section 42) (Art. 60.1)</p>	Statement of Incorporation
<p>1.4 The mission <u>statement</u> of IFAC is: (Section 2) (Art. 60.2)</p> <p>to <u>To</u> serve the public interest— IFAC will continue to strengthen the accountancy profession worldwide and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession’s expertise is most relevant. (Section 2) (Art. 60.2)</p> <p>1.5 IFAC will carry out this mission within the framework of this Constitution and in the manner hereinafter provided for <u>in its Bylaws</u>. (Section 2) (Art. 60.2)</p> <p>1.6 In carrying out this mission, IFAC shall <u>reinforce the values of integrity, expertise and transparency and act</u> in relation to its members <u>act appropriately</u> as leader, facilitator, collaborator and observer. (Section 2) (Art. 60.2)</p>	Mission/Purposes/Objectives of the Organization
<p>2 Membership</p>	
<p>2.1 The membership of IFAC shall consist of the following categories: those professional accountancy organizations that have been approved pursuant to Section 2.3 and that have not resigned or have not had their membership revoked by expulsion.</p> <p>a. full members (Section 3a)</p> <p>b. associate members (Section 3b)</p> <p>c. affiliate members (Section 3c)</p> <p>The Board shall determine the criteria for and procedures by which organizations shall be admitted and retained as members in good standing. A member shall be deemed to be in good standing unless the Board has taken a decision to suspend it in accordance with Section 31.m. (Section 3) (Arts. 60.2 and 67.1)</p>	Membership

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>2.2 Full member bodies and associate members shall:</p> <ul style="list-style-type: none"> a. act in the furtherance of fulfilling the mission and objectives of IFAC as set forth in Section 2.1.4 (Section 4a) b. support the mission, programs and services work of IFAC by making such financial contributions at the beginning of each financial year as may be determined in accordance with the Constitution; In the event of a termination of IFAC's activities, such contributions or assets would not be returned to the full or associate members; (Section 4b) (Arts. 60.2 and 71.1) c. demonstrate compliance with the obligations set out in the Statements of Membership Obligations (SMOs), which may be revised from time to time by a majority vote of IFAC's Board; and (Section 4c) d. abide by the provisions of this Constitution. (Section 4d) <p>2.3 Affiliate members shall:</p> <ul style="list-style-type: none"> a. act in the furtherance of fulfilling the mission and objectives of IFAC as set forth in Section 2; (Section 5a) b. abide by the provisions of this Constitution; (Section 5b) c. support the work of IFAC and the IASB; and (Section 5c) d. make such financial contributions to IFAC at the beginning of each financial year as may be determined in accordance with the Constitution; in the event of a termination of IFAC's activities, such contributions or assets would not be returned to the affiliate members. (Section 5d) 	<p>Membership Requirements</p>
<p>2.3 The Council shall determine, upon the recommendation of the Board, the admission to of professional accountancy organizations as membership of full/associate/affiliate member bodies. (new Section) (Art. 65.1)</p>	<p>Admission process</p>
<p>2.4 The Board shall determine the criteria for and procedures by which <u>professional accountancy</u> organizations shall be admitted and retained as member <u>bodies</u> in good standing. A member <u>body</u> shall be deemed to be in good standing unless the Board has taken a decision to suspend it in accordance with Section 31.m.5.4(i)<u>2.5</u>. (Section 3, in part)</p>	<p>Maintaining good standing status</p>
<p>2.5 Any member body may be suspended in accordance with Section 5.4(i) <u>by the Board</u> or expelled in accordance with Section 3.4(e)(ii) by the Council for the following causes:</p> <ul style="list-style-type: none"> i. <u>non-compliance with the criteria and obligations of membership;</u> or (Section 31.m.i) (Art. 72.2) ii. <u>acts bringing the international accountancy profession into disrepute.</u> (Section 31.m.ii) (Art. 72.2) 	<p>Grounds for suspension, expulsion and withdrawal</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>2.6 A member body or associate/affiliate member may withdraw from IFAC at the end of any financial year provided it gives notice in writing six months in advance to the Chief Executive. (Section 6) (Art. 70.2)</p> <p>2.7 Where in any financial year a member body or associate/affiliate member withdraws, is suspended or expelled in accordance with Sections 31.m2.5 and 2.6, that member body shall remain obliged to pay any amounts owing, including financial contributions, for that or, if applicable, the following financial year. (Section 6) (Art. 73.2)</p>	
<p>3 <u>Council</u></p>	
<p>3.1 Council composition:</p> <p>a. The Council shall consist of one representative designated as such from each member body of IFAC who shall have the authority to vote on behalf of the member body on matters before the Council. neither the President, nor the Deputy President of IFAC shall be entitled to vote. The representative designated by a member body must be a member of that body except that the chief executive or equivalent of the member body may be the designated representative whether or not that person is a member of that member body. Each designated representative may be accompanied at meetings of the Council by not more than one technical advisor appointed by the member body who shall be either a member or a member of staff of that member body. Members of the Board, and their technical advisors, and two observers from each recognized regional organization and from each organization admitted as an associate/affiliate member shall be entitled to attend meetings of the Council and have the privilege of the floor, but subject to Section 14 shall not be entitled to vote. (Section 8a) (Art. 67.1)</p> <p>b. The Chair of the PIOB shall be entitled to attend meetings of the Council and have the privilege of the floor, but shall not be entitled to vote. He/she may address report to meetings of the Council on any matters in regard to the public interest oversight of IFAC. The Chair of the PIOB is also entitled to participate in the discussion and deliberations at meetings of the Council, but shall not be entitled to vote. and wWhere circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend meetings of Council, but shall not be entitled to vote. (Section 8b)</p> <p>c. The Chair of the Forum, where appropriate accompanied by the Chair of the TAC, shall be entitled, or if requested may be required by the President of IFAC may be required, to attend and to report to meetings of the Council on plans for the following year, and progress and achievement against plans approved the previous year and plans for the following year; such reports shall include the activities of the TAC. The Chairs of the Forum and of the TAC shall each have the privilege of the floor be entitled to participate in the discussion and deliberations at meetings of the Council, but shall not be entitled to vote. (Section 8c)</p>	<p>Composition of Council</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>3.2 The governance of IFAC shall <u>ultimately</u> rest with a the Council and a Board. (Section 7) (Arts. 60.2 and 64.1)</p> <p>3.3 <u>The Council grants the Board the authority to govern the operations of IFAC as set out in this Constitution and in the IFAC Bylaws.</u> (new section)</p> <p>3.4 The Council shall: (Art. 66.1)</p> <ul style="list-style-type: none"> a. appoint a Nominating Committee, upon the recommendation of the Board, in accordance with Part 7 <u>Sections 5.11 and 5.12</u> of this Constitution; (Section 9a) b. in each alternate year, on the recommendation of the Nominating Committee which shall have consulted with the Board, elect from among the members of the Board a Deputy President for a term of two years (without the right of re-election to the same office). The Deputy President shall become President at the end of the period of two years from the time of his/her/their election, unless the Council shall determine otherwise on a recommendation of the Board, and shall serve as President for the period of two years; (Section 9b) c. in the event of a determination by the Council under Section 9-3.4(b). hereof that the Deputy President shall not become President, appoint the candidate elected as Deputy President at that time, to serve as President for the period of two years, as though he/she/they had served as Deputy President in the usual way; and at its next meeting, the Council shall elect a Deputy President, who shall serve <u>as Deputy President</u> for a period of one year the remaining term of the current President, following which he/she/they shall be eligible for election as to become President under Section 9b3.4(b)-hereof, as though he/she/they had served as Deputy President for the period of two years; (Section 9c) d. receive reports on progress and achievement against plans approved the previous year, and reports on progress on policy and strategic initiatives; (Section 9d) e. determine, upon the recommendation of the Board: <ul style="list-style-type: none"> i. the admission <u>of professional accountancy organizations as member bodies of IFAC</u> to membership of full/associate/affiliate members in accordance with Section 32.1; and (Section 9.e.i) (Arts. 65.1 and 70.1) ii. the expulsion of member <u>bodies</u> in accordance with Section 342.5m; (Section 9.e.ii) (Arts. 65.1 and 72.1) f. determine, upon the recommendation of the Board, the basis of the assessment of the financial contributions to be paid by member bodies and associate/affiliate members; (Section 9f) (Art. 71.1) 	<p>Authority of Council</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<ul style="list-style-type: none"> g. determine, upon the recommendation of the Board: <ul style="list-style-type: none"> i. medium-term proposals for policy and strategic initiatives, including proposed work programs and goals, and the broad parameters of the budget for the ensuing year including the level of member body and associate/affiliate member financial contributions for the ensuing year; (Section 9.g.i) ii. any other matters reserved under the terms of this Constitution <u>or within the Swiss Civil Code</u> for decision or approval by the Council; (Section 9.g.ii) (Art. 65.1) h. upon the recommendation of the Nominating Committee; <ul style="list-style-type: none"> i. elect members of the Board in accordance with the provisions of this Constitution; (Section 9.h.i) (Art. 65.1) ii. determine the recognition of organizations as regional organizations of IFAC and the withdrawal of such recognition; and (Section 9.h.ii) iii. remove a Board member during that Board member's term for non-performance or other good cause; (Section 9.h.iii) (Art. 65.1) i. establish upon recommendation of the Nominating Committee a panel, which shall not be a committee of IFAC nor subject to the provisions of this Constitution governing same, to consider and decide appeals relating to suspension or exclusion from membership of the Forum; (Section 9i) i. determine, upon the recommendation of the Board <u>or upon a resolution of designated representatives in accordance with Section 134.1(b)</u>, any amendments to this Constitution; and (Section 9j) (Art. 64.1) j. on the recommendation of the Board appoint an auditor. (Section 9k) 	
<p>4 <u>Meetings of the Council</u></p>	
<p>4.1 An Ordinary meeting of the Council shall be held annually <u>as determined by the Board at a fixed time within three months prior to the end</u> of the <u>financial</u> year and at a location chosen by the Board. The Board may arrange the holding of a World Congress or other appropriate technical activity to coincide with the meeting. Without prejudice to the generality of Section 31.e. hereof and the proviso therein, the Board shall establish such rules as it may determine from time to time for the conduct of Ordinary and Special meetings, including, but not limited to, agenda content, independent scrutiny, voting procedures including proxies and all related matters. (Section 10) (Arts. 64.2 and 64.3)</p> <p>Special meetings of the Council shall be held within four months of the decision of the Board or of the receipt by the Chief Executive of a demand by one-fifth of member bodies eligible to vote to hold such a meeting. (Section 12)</p>	<p>Meeting frequency</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>4.2 Special meetings of the Council shall be held at a place and time to be determined by the Board <u>within four months of receipt by the Chief Executive of</u>upon either:</p> <p>a. a resolution supported by a least thirteen <u>75 percent of the</u> members of the Board; or (Section 11) (Art. 64.3)</p> <p>b. a written demand<u>communication</u> by not less than one-fifth <u>20 percent</u> of all member bodies who are eligible to vote, with a statement in writing of the purposes of the meeting. (Section 11) (Art. 64.3)</p>	Right to Call a Meeting
<p>4.3 The Council shall not take any action on any matters coming before it at Ordinary or Special meetings unless there is a quorum.</p> <p>There shall be a quorum:</p> <p>a. if at least twenty <u>15 percent of the</u> representatives <u>of member bodies</u> eligible to vote are present in person or by proxy at an Ordinary meeting; or</p> <p>b. if at least half <u>50 percent of the</u> <u>representatives of</u> member bodies eligible to vote are present in person or by proxy at a Special meeting.</p> <p>If there is no quorum, the President meeting shall be <u>adjourned the meeting</u> to a time and place determined by him/her the President so that a quorum may be obtained. (Section 13)</p>	Quorum Requirements
<p>4.4 Each member <u>body</u> representative shall have one vote. A member body that is delinquent member body in paying its financial contribution or a member body suspended from membership is not entitled to observe but is neither eligible to vote nor entitled to participate in the discussions and deliberations of meetings of the Council. A member body shall be considered delinquent if it fails to pay its financial contribution within twelve months after such contribution has become due. The method of voting for substantive matters to be considered at the Ordinary Meeting shall be determined by the meeting, upon the announcement by the Chair (the President of the IFAC, or in the President's absence, the Deputy President of the IFAC) of a quorum for such meeting. (Section 14, in part) (Art. 67.1)</p> <p>4.5 The President of IFAC shall be the Chair of the Board and of any Ordinary or Special meetings of the Council. The Chair shall only have a casting vote. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Board and Council meetings. If neither is present the meeting shall elect a Chair from among those present. <u>The President or Deputy President, when acting in their capacities as Chair, when acting in their capacities as President or Deputy President, shall only have only a casting vote.</u> (Section 20, in part)</p> <p>4.6 A member body may for an Ordinary or Special meeting give a proxy to vote on behalf of that member body, provided that the member body shall have notified in writing or by electronic mail sent notification via an appropriate mode of communication to the Chief Executive of IFAC, <u>which is received</u> at least twenty-four hours before <u>the scheduled start of</u> an Ordinary or Special meeting of any proxies given:</p>	Voting Requirements, Procedures and Rights

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>a. to any representative entitled to vote in terms of Section 8-3.1(a) of the Constitution, except that no such representative <u>of a member body</u> may hold more than five proxies for any one motion; or (Section 14, in part)</p> <p>b. to the President<u>Chair of the Council meeting</u>; or (Section 14, in part)</p> <p>c. to the president or chief executive, or equivalent, of the recognized regional organization of which the member body is a member, except that no regional organization may hold more than five proxies for any one motion. For any such proxies the member body shall provide to the regional organization clear instructions on how to vote for each motion for which a proxy is given. (Section 14, in part)</p> <p>4.7 <u>In extraordinary circumstances, where a proxy is received within twenty-four hours prior to the scheduled start of an Ordinary or Special Council meeting, the Chair of the meeting shall, subject to ratification by the Council, have the discretion to permit the proxy.</u> (new Section)</p> <p>4.8 Voting Procedures and Majority Requirements</p> <p>a. At an Ordinary or Special meeting of the Council decisions shall require a simple majority of all <u>representatives of</u> member bodies eligible to vote and voting except that decisions as to the basis of assessment of the financial contributions and amendments of the Constitution shall require a majority of the affirmative vote of at least two-thirds of all the <u>representatives of</u> member bodies eligible to vote and voting. (Section 15) (Art. 67.2)</p> <p>b. In the event that Council decides not to accept proposals made by the Board pursuant to Section 93.4(g-)(i) above the status quo shall be maintained with respect to the budget including the level of financial contributions until such time as Council agrees to an alternative proposal pursuant to Section 9-3.4(g-)(i) by a simple majority vote which is subsequently adopted by the Board, or the Board calls for a Special meeting of Council, pursuant to Section 11-a.4.2(a), which sets forth the recommendations of the Board with respect to the matters described in Section 9-3.4(g-)(i). (Section 15)</p> <p>c. The vote taken on any resolution proposed at a Special meeting shall be taken by a mail ballot and/or electronic mail ballot of all member bodies eligible to vote, on a demand of those member bodies eligible to vote and present at the meeting who constitute not less than one fifth<u>20 percent</u> of all member bodies eligible to vote. Votes received after the deadline determined by the President will not be counted; such deadline shall not be less than six weeks after mailing the ballots <u>were distributed by an appropriate mode of communication</u>. (Section 15)</p>	
<p>4.9 The Chief Executive shall send to each member body and each associate/affiliate member a notice signed by the Chief Executive. The notice shall <u>contain</u>ing the time and place of the Ordinary meeting and a brief description an agenda of the <u>items of</u> business to be transacted. This notice shall be transmitted via an appropriate mode of communication The notice may be sent by courier service or personal delivery, facsimile, e-mail or by posting on the IFAC web site. The Chief Executive shall send the notice at least two months in</p>	Notice of Meetings

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>advance of the Ordinary meeting. A member body may have a matter included on the agenda for an Ordinary meeting, or may respond to a proposed business matter to be transacted at the Ordinary meeting provided such a request is received in writing an appropriate mode of communication not less than one month in advance of the Ordinary meeting and has the support of five other member bodies. Upon receipt of such written request a communication from a member body, the Chief Executive shall send, at least 21 days prior to the date of the Ordinary meeting, to each member body and each associate/affiliate member with respect to an Ordinary meeting, a revised notice signed by the Chief Executive. (Section 16)</p> <p>4.10 The Chief Executive shall send give at least two months' notice to each member body a notice containing the time and place of a Special meeting and an agenda of the business to be transacted. This notice shall be transmitted via an appropriate mode of communication at least two months in advance of the Special meeting, body and each associate/affiliate member of the date and location of a Special meeting and of the business to be transacted at the meeting, subject to the meeting being held within the period of four months provided in accordance with Section 124.2. The notice shall contain the time and place of the Special meeting and a brief description of the business to be transacted. The notice may be sent by courier service or personal delivery, facsimile, e-mail or by posting on the IFAC web site. (Section 17)</p> <p>4.11 No business other than that included in the agenda for the meeting shall be transacted at any such meeting except that, in the case of Ordinary meetings, the Council, by a simple majority of those who are present and eligible to vote, may waive this restriction provided however that no waiver under this section may be exercised in respect of matters relating to the basis of assessment of financial contributions or amendments to the Constitution. (Section 18) (Art. 67.3)</p>	
<p>5 <u>Board</u></p>	
<p>5.1 The Board shall consist of the President, the Deputy President and not more than twenty members. provided always that: (Section 21)</p> <p>5.2 In selecting the members of the Board the Council shall be cognizant that the composition of the Board shall reflect the level of financial contribution to IFAC by member bodies. The allocation of Board seats shall be based on between eight and ten seats being allocated to representatives of the top twelve contributor member bodies, between five and seven seats to the thirteen to twenty-four contributor category and between five and seven seats to representatives from the member bodies not in the top twenty-four contributors. (new Section)</p> <p>a. there shall not at any one time be more than two members from member bodies with headquarters in any one country, other than the country of the President, for which, in recognition of the status of the President as independent Chair of the Board, there may be two members plus the President serving on the Board; (Section 21a)</p>	<p>Composition of Board</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>b.—[Deleted] (Section 21b)</p> <p>e.the composition of the Board shall reflect the level of financial contribution to IFAC by member bodies, in respect that nine seats shall be allocated to representatives of the top twelve contributor member bodies, six seats to the thirteen to twenty four contributor category and six seats to representatives from the member bodies not in the top twenty four contributors. (Section 21c)</p> <p>The Board shall be elected, for a term as defined in Section 25, at Ordinary meetings of the Council which shall be provided with a list of the nominees of the Nominating Committee, together with a list of the other candidates contesting election, all with full curricula vitae attached. (Section 21, last sentence)</p> <p>5.2In determining the level of financial contribution for Section 21.e above, aggregation of the financial contribution of two or more member bodies within a single country as at the date of submission of nominations is permitted. (Section 21A)</p> <p>5.3In determining the level of financial contribution for Section 21.e above, aggregation at the time of nominating of the financial contribution of two or more member bodies from different countries is not permitted, except that where such an aggregation has been in place prior to November 2003, such aggregation shall be permitted to continue. (Section 21B)</p> <p>5.3 <u>Subject to Sections 5.1 and 5.2, the Nominating Committee shall base its recommendations for persons to fill positions on the Board on the basis of the best persons for those positions. In applying this criterion the Nominating Committee will consider such factors as leadership and other personal skills, geographic balance, industry balance, size of employer and gender balance. (new Section)</u></p>	
<p>5.4 <u>The Board shall have the power to :-take all practicable steps to achieve the objectives of IFAC as set out in Section 1.4 and to take any action which is in the general interest of IFAC and which is not expressly denied to it by addressed in this Constitution or IFAC Bylaws. The Board shall ensure provided that it does not involve itself in the domestic affairs of a member body other than to the extent necessary to ensure compliance with the obligations of membership of IFAC. Further powers of the Board are specified in the IFAC Bylaws. (Sections 31a and 31p) (Art. 69)</u></p> <p>take all practicable steps to achieve the objectives of IFAC as set out in Section 2 including the establishment or dissolution of such committees and other groupings as it may determine from time to time for the effective discharge of its duties and, on the advice of the Nominating Committee, the appointment and replacement of the members of and observers on such committees, the filling of any vacancies and the appointment and replacement of chairs; and without prejudice to the foregoing generality, implement the IFAC regulatory regime comprising the Forum, the TAC and the Compliance function; (Section 31a)</p>	<p>Authority of Board</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>5.6 Without prejudice to the powers and duties of the Board in relation to the establishment of boards and committees, the Board shall establish and maintain an International Audit and Assurance Standards Board (IAASB), an Ethics Committee, an Education Committee and a Compliance Advisory Panel; and the International Public Sector Accounting Standards Board shall give those IFAC boards the authority to issue standards and other appropriate pronouncements and shall establish consultative advisory groups. (Section 31aa) (Section 31b)</p> <p>without prejudice to the powers and duties of the Board in relation to the establishment of committees, the Board shall establish and maintain an International Audit and Assurance Standards Board (IAASB), an Ethics Committee, an Education Committee and a Compliance Advisory Panel; (Section 31aa)</p> <p>b. determine terms of reference for each committee that it establishes in accordance with Section 31(a). The terms of references of the IAASB, the Ethics Committee, the Education Committee and the International Public Sector Accounting Standards Board shall give those IFAC committees the authority to issue standards and other appropriate pronouncements and shall establish consultative advisory groups. Terms of references for each consultative advisory group shall be developed by the Board in consultation with the appropriate IFAC committee; (Section 31b)</p> <p>bb. determine terms of reference for the Professional Accountants in Business Committee and the Developing Nations Permanent Task Force and the Small and Medium Practices Permanent Task Force; (Section 31bb)</p> <p>e. establish such rules and contractual and other arrangements with member bodies, associate/affiliate members and third parties as it may determine from time to time for the effective discharge of its duties; provided that the same are consistent with the provisions of this Constitution; (Section 31c)</p> <p>d. determine, as necessary, the timing, frequency and location of World Congresses of Accountants; (Section 31d)</p> <p>e. recommend to the Council the professional accountancy bodies and associate/affiliate members to be admitted to IFAC; (Section 31e)</p> <p>f. determine the criteria for recognition of regional organizations and which regional organizations shall be eligible to have representatives attend meetings of the Board; (Section 31f)</p> <p>g. put forward medium term policies and strategic initiatives including proposed work programs and goals, and the broad parameters of the budget for the ensuing year, including the level of member body and associate/affiliate member financial contribution for the ensuing year to the Ordinary meeting of the Council for approval; (Section 31g)</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>h. determine annually, consistent with the broad parameters approved by the Ordinary meeting of the Council, the budget for the following year; (Section 31h)</p> <p>i. recommend to the Ordinary meeting of the Council the basis of the assessment of financial contributions to be paid and determine the allocation of financial contributions among contributors and the purposes and uses of funds; (Section 31i)</p> <p>ii. recommend to the Ordinary meeting of the Council, on the recommendation of the Audit Committee, the appointment of the auditor; (Section 31ii)</p> <p>j. decide on the appropriate organization required to carry out its tasks; (Section 31j)</p> <p>k. present to Ordinary meetings of the Council a report on past and future activities of the Board; (Section 31k)</p> <p>l. distribute annually a report on activities, including the audited financial statements, to the member bodies and associate/affiliate members. Such financial statements shall be prepared in accordance with appropriate international accounting standards and the audit conducted in accordance with International Standards on Auditing; (Section 31l)</p> <p>m. have the power to suspend from membership any member <u>body</u> and to recommend to the Council the expulsion of such member for the following causes: (Section 31m)</p> <p style="padding-left: 20px;">i. non compliance with the criteria and obligations of membership; or (Section 31.m.i)</p> <p style="padding-left: 20px;">ii. acts bringing the international accountancy profession into disrepute; (Section 31.m.ii)</p> <p>n. give notice of and organize the Ordinary and Special meetings of the Council; (Section 31n)</p> <p>o. approve, upon the recommendation of the TAC and with the approval of the Forum: (Section 31o)</p> <p style="padding-left: 20px;">i. amendments to the Constitution of the Forum; (Section 31.o.i)</p> <p style="padding-left: 20px;">ii. changes to the basis for the allocation of voting rights at annual and special meetings of the Forum; (Section 31.o.ii)</p> <p style="padding-left: 20px;">iii. the processes for periodic international quality assurance reviews of the policies, methodologies and work undertaken by member firms of the Forum in relation to transnational audits; such processes to be brought to the Board by the TAC after appropriate consultation within IFAC; (Section 31.o.iii)</p> <p style="padding-left: 20px;">iv. changes to the basis for allocation of representatives on the TAC; and (Section 31.o.iv)</p> <p>oo. recommend to the TAC the investigation of any member firm of the Forum which it considers to be in non-compliance with the obligations of membership or to have brought the international accountancy profession into disrepute; (Section 31oo)</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>p. take any action which is in the general interest of IFAC and which is not expressly denied to it by this Constitution provided that it does not involve itself in the domestic affairs of a member body or associate/affiliate member other than to the extent necessary to ensure compliance with the obligations of membership of IFAC. (Section 31p)</p> <p>5.5 The Board shall with respect to the PIOB: (Section 31A)</p> <p>a. agree with the Monitoring Group and the PIOB an adequate annual budget for the PIOB; (Section 31Aa)</p> <p>b. discuss with the Monitoring Group and the PIOB the IFAC groups over which the PIOB shall have oversight to be specified in the IFAC Bylaws; (new Section)</p> <p>c. submit to the PIOB for approval the appointments of members and chairs of the Committees and referred to in Section 31.aa. above boards and advisory panel it has oversight over as specified in the IFAC Bylaws; (Section 31Ab)</p> <p>d. consult with the PIOB prior to any decision by the Board for the removal of members and chairs of the committees referred to in Section 31.aa. above boards and advisory panel over which it has oversight as specified in the IFAC Bylaws; (Section 31Ac)</p> <p>e. submit to the PIOB for approval the terms of reference of the committees referred to in Section 31.aa. above boards and advisory panel over which it has oversight as specified in the IFAC Bylaws and the terms of reference of their respective consultative advisory groups; (Section 31Ad)</p> <p>f. make available to the PIOB documentation related to the Committees-boards and advisory panel over which the PIOB has oversight in such form, content and frequency as is reasonably requested by the PIOB; and (Section 31Ae)</p> <p>g. perform at its discretion a review of the PIOB and the boards and advisory panel over which the PIOB has oversight. (Section 31Af)</p>	<p>Public Interest Oversight Board</p>
<p>5.6 All eligible member bodies or groups of member bodies which wish to put forward a candidate or candidates for election to the Board must file a letter of <u>communicate their intention</u> with the Chief Executive at least four months in advance of an Ordinary meeting of the Council in conformity with the terms and conditions set out in the Regulations <u>Bylaws</u>. The individual member body or group of member bodies nominating shall state the name or names of the proposed members of the Board, the member body to which the proposed member will be attached for purposes of Section 21.a and shall provide such information about them as the Nominating Committee may determine. (Section 22)</p> <p>5.9 Notwithstanding the minimum four month time period requirement with respect to a letter of intent set forth in Section 22, in the event that the President and the Nominating Committee determine that</p>	<p>Election & Removal; Terms</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>circumstances have arisen with respect to the Board that may not be in the best interests of IFAC, after receipt of such determination, the Board:-(section 23)</p> <p>a. shall have the authority and power to propose to the Nominating Committee additional candidates for election to the Board; and-(Section 23a)</p> <p>b. need not adhere to the four month minimum time period set forth in Section 22; and-(Section 23b)</p> <p>c. need not adhere to the composition requirements of the Board set forth in Section 21.c.-(Section 23c)</p> <p>5.10 The election shall be conducted by a ballot among all the member bodies eligible to vote and the candidate or candidates receiving the highest number of affirmative votes cast by those present or by proxy shall be deemed elected by the Council. In the event of there being a tie for the final seat on the Board, there shall be a further ballot or ballots of those present to determine which of the remaining candidates involved in the tie shall be elected to the Board. In any situation where a tie between candidates can not be decided by a further ballot, the President shall resolve the matter by exercising his/her casting vote.-(Section 24)</p> <p>5.7 The person elected as a member of the Board shall assume office at the conclusion of the Ordinary meeting of the Council at which he/she/they is-are elected and shall be appointed for a term as determined in accordance with the IFAC Bylaws. The person so elected to the Board shall be appointed for a term of up to three years, the elections to the Board are to being held annually in accordance with the Bylaws in such a way that not less than five and not more than nine of the members of the Board shall retire each year. This section shall be administered as to achieve an orderly rotation of the intent to have approximately one third of the Board members retire each year without losing continuity. Provisions for the length of service and reappointment to service are determined in accordance with the Bylaws. Continuous service on the Board by the same person shall be limited to two consecutive three year terms unless such person is elected as President or Deputy President. Following the expiry of six years' service, a member of the Board shall be eligible to serve for a further two consecutive terms of three years after a lapse of three years since he/she completed a previous term of service on the Board. (Section 25)</p> <p>5.8 The person nominated by a member body or a group of member bodies in accordance with Section 22-5.7 must be a member or chief executive or equivalent of that the nominating member body or chief executive or equivalent or a member of at least one of the member bodies nominating as a group of member bodies. Such nominated person if duly elected may be accompanied at meetings of the Board by not more than one technical adviser who shall be either a member or a member of staff of a member body and shall be appointed by the member body to which the Board member belongs or, where there is more than one member body nominating as a group of member bodies by agreement among them; and said technical adviser shall, in the absence from a meeting of the member that he or she advises, be entitled to attend and, subject to the provisions of Section 32, be entitled to exercise a proxy on behalf of such absent member. (Section 26)</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>5.13 — There shall be no limit on the number of consecutive occasions on which a member body may nominate a candidate for election to the Board. (Section 27)</p> <p>5.9 In the event of the incapacity, resignation, removal or death of a member of the Board during his/her term of office, or if the member body or group of member bodies which nominated him/her for membership of the Board withdraws his/her mandate, or if he/she should leave, or be removed from membership of the nominating member body or member body within a group of nominating member bodies during said term of office, the Any vacancy of Board membership created for reasons indicated in the IFAC Bylaws so created shall be filled by the Council through the normal processes of election at its next meeting. Such Any such vacancy may be filled in the interim in accordance with the IFAC Bylaws member body or group of member bodies may, by giving written notice to the Chief Executive, appoint a substitute of their choice to fill the vacancy during the interim period between the date at which the member of the Board ceased to be a member and the date of the next meeting of the Council. (Section 29)</p>	
<p>5.10 Except in circumstances where the Presidency has been vacated pursuant to Section 7.4, the immediate past President shall, for the two year period following the completion of his/her<u>their</u> term as President: (Section 34A)</p> <p>a. be entitled to attend all Board meetings and with speaking rights<u>participate in the discussions and deliberations</u>, but without voting rights; and (Section 34Aa)</p> <p>b. have such other specific responsibilities as may, from time to time, be determined by the President and the Board. (Section 34Ab)</p>	Role of the Past President
<p>5.16 Standing Committees (Section 35):</p> <p>a. A member body which wishes to put forward a candidate for appointment to serve on a committee, other than the TAC, appointed by the Board in accordance with Section 31.a. hereof shall state the name of the proposed candidate and provide such information as the nominating committee may determine. A person duly appointed to serve on such a committee shall be so appointed for a term of up to three years; appointments to such committees being made annually in such a way that approximately one third of the members of all such committees shall retire each year. Continuous service on such a committee by the same person shall be normally limited to two consecutive three year terms, provided that it shall be competent for a member of such a committee appointed to the Chair to serve as Chair for a further period of not more than three years. Each member of such a committee may be accompanied at meetings of that committee by not more than two technical advisors who shall be either members or members of staff of a member body and shall be appointed by the member body to which the committee member belongs or, where there is more than one such body nominating in any country, by agreement among them; and each member of such a committee may be represented at meetings of that committee by one of his or her technical advisors. (Section 35a)</p>	(e) — Committees (standing, special, advisory)

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>a. The Forum shall be entitled to put forward representatives to serve on the TAC and shall, for that purpose, state the name of the candidate and provide such information as the Nominating Committee may determine. The provisions of Section 35.a. shall not apply to the TAC, which shall be governed by the provisions of the Constitution of the Forum. (Section 35b)</p> <p>b. The International Auditing and Assurance Standards Board, formerly known as the International Auditing Practices Committee, (hereinafter referred to as “the IAASB”), being a committee of IFAC, shall be composed of eighteen members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee, five of whom shall be put forward by the Forum, ten of whom shall be put forward by member bodies in accordance with the provisions of Section 35.a. and three public members, who may be members of member bodies, but who shall not be auditors in public practice. Candidates for appointment as public members may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a. and this subsection, have regard to the matters specified in Section 38, insofar as these are consistent with the provisions of this subsection and with the objectives of the IAASB, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The Nominating Committee shall have regard to the need to ensure, so far as is practicable, fair representation of accounting firms across the membership of the IAASB. Each member of the IAASB may be accompanied or represented at meetings by his or her technical advisor. The five members in the category of those put forward by the Forum and the three public members shall be entitled to select and replace their technical advisors. Technical advisors to the ten members in the category put forward by member bodies shall have the qualifications specified in Section 35.a. (Section 35c)</p> <p>d. The Ethics Committee, being a committee of IFAC, shall be composed of members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. Two members of the Ethics Committee shall be public members. A number of members shall be put forward by the Forum in similar proportion, unless a reduced proportion has been determined by the Chair of the TAC, to the members put forward by the Forum for the IAASB, as specified in Section 35.c. The remainder of the members shall be put forward by member bodies in accordance with the provisions of Section 35.a. The two public members who may be members of member bodies, but who shall not be auditors in public practice, shall include a specialist in business ethics. Candidates for appointment as public members may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a. and this subsection, have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Ethics Committee, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>Nominating Committee shall also have regard to the need to ensure, so far as is practicable, that members of the Ethics Committee shall include an appropriate balance of members from business and government, and from small and medium sized firms and practices. Each member of the Ethics Committee may be accompanied or represented at meetings by his or her technical advisor; such technical advisors shall have the qualifications specified in section 35.a. Members in the category of those put forward by the Forum and the two public members shall be entitled to select and replace their technical advisors. (Section 35d)</p> <p>e. The Education Committee, being a committee of IFAC, shall be composed of members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. Two members of the Education Committee shall be public members. A number of members shall be put forward by the Forum in similar proportion, unless a reduced proportion has been determined by the Chair of the TAC, to the members put forward by the Forum for the IAASB, as specified in Section 35.c. The remainder of the members shall be put forward by member bodies in accordance with the provisions of Section 35.a. Candidates for appointment as public members who may be members of member bodies may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a, and this subsection, have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Education Committee, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. Each member of the Education Committee may be accompanied or represented at meetings by his or her technical advisor; such technical advisors shall have the qualifications specified in Section 35.a. Members in the category of those put forward by the Forum and the two public members shall be entitled to select and replace their technical advisors. (Section 35e)</p> <p>f. The Compliance Advisory Panel, being a committee of IFAC, shall be composed of five members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Compliance Advisory Panel, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The Nominating Committee shall properly consider that members of the Compliance Advisory Panel are experts in compliance matters and provide a broad geographic representation of member bodies. (Section 35f)</p> <p>Each committee chair and each committee member shall sign an annual statement at the first meeting of the committee in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC. For the purposes of this section any permanent task force with terms of reference established under Section 31.bb shall be regarded as a committee of IFAC. (Section 34A)</p>	

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>5.11 The Nominating Committee shall be composed of the President and Deputy President <u>ex officio</u> and <u>no less than</u> four ordinary members, appointed by the Council on the recommendation of the Board, who shall be members of a member body, it being further provided that not more than two of the ordinary members shall also be members of the Board. Said ordinary members shall be appointed for a term not exceeding two periods of two years. The Chief Executive shall be the Secretary of the Nominating Committee. A representative of the PIOB shall be entitled to attend meetings or parts of meetings of the Nominating Committee devoted to the selection of potential members of the IAASB, the Education Committee, the Ethics Committee and the Compliance Advisory Panel and shall have the privilege of the floor. (Section 36)</p> <p>5.12 <u>Except as otherwise provided in the Constitution, the composition, terms of members, duties, powers and operating procedures of the Nominating Committee shall be prescribed in the IFAC Bylaws.</u> (new Section)</p> <p>5.13 A representative of the PIOB shall be entitled to attend meetings or parts of meetings of the Nominating Committee devoted to the selection of potential members of the <u>boards and advisory panel over which it has oversight as specified in the IFAC Bylaws</u> IAASB, the Education Committee, the Ethics Committee and the Compliance Advisory Panel and shall have the <u>be entitled to participate in the discussions and deliberations of the meeting</u> privilege of the floor <u>but have no voting rights.</u> (Section 36)</p> <p>5.14 The Council shall determine on the recommendation of the Board the operating procedures to be followed by the Nominating Committee in respect of its duties for those committees and the Board not subject to PIOB oversight. For those <u>boards and advisory panel committees</u> subject to PIOB oversight the Board shall develop for the approval of the PIOB operational procedures to be followed by the Nominating Committee. (Section 37)</p> <p>5.15 The Nominating Committee shall have the power to call for such information from a member body or from the Forum as it considers appropriate to enable it to carry out the above duties and shall, in the execution of said duties, have regard to the principle that the primary criterion shall be the individual qualities and ability of the nominees in relation to the position for which they are being nominated <u>on the basis of the best person for the job in relation to the available position.</u> In applying this criterion the Nominating Committee will consider such factors as <u>leadership and other personal skills,</u> geographic balance, industry balance, <u>size of employer</u> and gender balance. The Nominating Committee shall in the execution of its duties, also have regard to, as far as practicable, a wide geographical representation of the member bodies, a representation of different levels of national economic development and a broad spectrum of background and experience among Board and committee members from all sectors of the profession. (Section 38)</p> <p>The duties of the Nominating Committee shall be: (Section 38)</p> <p>a. to recommend to the Council: (Section 38a)</p> <p>i. the candidates to be elected to the Board in accordance with Sections 21 and 22 except that in the event circumstances preclude the Nominating Committee from recommending to Council the appointment of</p>	<p>Nominating Committee</p>

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>a Board in accordance with Section 21 and 22 the Nominating Committee shall have the discretion to recommend to Council a list of nominees consistent with the intent of said Sections 21 and 22; (Section 38.a.i)</p> <p>ii. the candidate to be elected to the office of Deputy President in accordance with Sections 9 and 40; (Section 38.a.ii)</p> <p>iii. those organizations which should be recognized by IFAC as regional organizations; and (Section 38.a.iii)</p> <p>iv. the candidates for appointment to the panel established under Section 9.i and; (Section 38.a.iv)</p> <p>b. to recommend to the Board the composition of committees to be appointed in accordance with Section 31.a. (Section 38b)</p> <p>5.16 The Nominating Committee may recommend to Council the removal of a Board member during that Board member's term for non-performance or other good cause. The Nominating Committee also may recommend to the Board the removal of the Chair of a committee or a committee member during that member's term for non-performance or other good cause. (Section 38A)</p> <p><u>5.17 The Nominating Committee shall be required to report annually to the Board as requested and annually to the Council on the process followed during the nominations cycle and on any significant issues that arose as part of that process.</u> (new Section)</p> <p>The Nominating Committee members shall sign an annual statement at the first meeting of the committee in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC. (Section 38B)</p>	
<p>5.18 The Board President may establish a group, <u>on the recommendation of the President</u>, to be referred to as the IFAC Regulatory Liaison Group (IRLG). The composition and terms of reference of the IRLG shall be determined from time to time by the IFAC Board. (Section 44A)</p> <p>5.19 The IRLG members shall sign an annual statement at the first meeting of the IRLG in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC. (Section 44B)</p>	Regulatory Liaison Group
<p>5.20 The President Board shall appoint, <u>on the recommendation of the Nominating Committee and based on proposals from the IFAC Officers, for the next year no less than</u> three persons from among members of the Board, other than the Officers or Chairs of IFAC <u>boards, committees or other similar groups</u>, to constitute a committee on audit (Audit Committee), to make arrangements with the auditors for their examination and to review the audit report. The Board shall set the terms of reference of the Audit Committee from time to time. (Section 45)</p>	Audit Committee

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
6 <u>Meetings of the Board</u>	
6.1 The <u>Ordinary meetings of the</u> Board shall meet-be held at such times and places as it may decide, provided that it shall hold at least two meetings each calendar year. (Section 33)	Frequency
6.2 A Special meeting of the Board shall be called when the Chief Executive receives a communication from at least four members of the Board with a statement of the purpose of the meeting. A Special meeting of the Board shall be held at a The place and time of the Special meeting shall to-be determined by the President so as to be held within two months of the receipt by the Chief Executive of a receiving the written demand by communication from at least four members of the Board which shall include a statement of the purpose of the meeting. (Section 34)	Right to Call a Meeting
6.3 A quorum of the Board shall consist of a simple majority of the members of the Board. (Section 30)	Quorum Requirements
<p>6.4 The chairs of committees and representatives of regional organizations shall be invited to attend one meeting of the Board each year and may be invited to any other meeting of the Board when there are relevant items on the agenda and they shall be entitled to the privilege of the floor, but shall not be entitled to vote. (Section 28)</p> <p>6.4 The Chair of the PIOB shall be entitled to attend meetings of the Board and have the privilege of the floor shall be entitled to participate in the discussions and deliberations of the meeting, but shall not be entitled to vote. He/she/They may address report to the Board on any matters in regard to the public interest oversight of IFAC, and where circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend a meeting of the Board. (Section 33A)</p>	Attendance at Meetings
<p>6.5 The President of IFAC shall be the Chair of the Board and of any Ordinary or Special meetings of the Council. The Chair shall only have a casting vote. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Board and Council meetings. If neither is present, the meeting shall elect a Chair from among those present. (Section 20, in part)</p> <p>6.6 Decisions on any matters, except the decision to convene a Special meeting of the Council in accordance with Section 11-4.2(a) hereof, shall be taken on a simple majority of the members of the Board present. Each member of the Board other than the President Chair of the meeting shall have one vote and; the President Chair shall have a casting vote. In the event of any ordinary member of the Board being unable to attend a meeting of the Board, he or she shall have the right to grant a proxy to any other member of the Board or to his or her technical advisor to vote on his or her behalf, subject to the member wishing to grant such a proxy giving written notice to the Chief Executive prior to the meeting and subject further to the agreement of the Officers that there is good and sufficient reason for the absence of the member from that meeting. (Section 32)</p>	Voting Requirements, Procedures and Rights

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
7 <u>Officers</u>	
7.1 The Officers of IFAC shall be the President, and Deputy President <u>and Chief Executive</u> . (Section 44)	Officers
<p>7.2 The President of IFAC shall be the Chair of the Board and of any Ordinary or Special meetings of the Council. The Chair shall only have a casting vote. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Board and Council meetings. If neither is present the meeting shall elect a Chair from among those present. (Section 20)</p> <p>7.2 <u>The Officers shall have such powers and perform such duties as are assigned to them under this Constitution, the IFAC Bylaws and by the Board from time to time.</u> (new Section)</p> <p>7.3 IFAC is bound by the signature of the two <u>of the three</u> Officers or by the signatures of such person or persons as may be duly authorized by the Board. (Section 47)</p>	Statement of General Duties/Responsibilities
<p>7.4 In the case of the incapacity, resignation, removal or death of the President, or of his/her <u>their</u> ceasing to be a member of a member body, the Deputy President shall assume the office of President on a temporary basis and shall be empowered to call an election by mail ballot to elect a new President and, if necessary, a new Deputy President from among the remaining representatives on the Board. (Section 39)</p> <p>7.5 Similarly, in the case of the incapacity, resignation, removal or death of the Deputy President, or of his/her <u>their</u> ceasing to be a member of a member body, the President shall be empowered to call an election by mail ballot to elect a new Deputy President from among the remaining representatives on the Board. (Section 40)</p>	Election and Removal
8 <u>Chief Executive</u>	
<p>8.1 The Board shall appoint a Chief Executive who shall be responsible to the Board for the conduct of the affairs of IFAC. The Board shall also appoint as Treasurer of IFAC a senior member of IFAC staff, who shall not be the Chief Executive. The Chief Executive shall be the Secretary to the Board and to the Council. -(Section 41) (Art. 69)</p> <p>8.2 The Chief Executive shall have the right to address the Board on matters which (s)he <u>they</u> believe to be in the interests of IFAC. In particular, if (s)he has concerns about actions or decisions taken or to be taken by the Board, the Chief Executive has the right to be heard by the Board regarding those concerns. (Section 41A)</p>	Appointment and Statement of Responsibilities

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<u>9 Annual Declarations</u>	
<p>9.1 All members of boards, committees or other similar groups of IFAC shall sign and deliver an annual declaration indicating that they will act in the public interest and with integrity in discharging their roles within IFAC. The declaration shall be delivered prior to the first meeting of that group in the calendar year. (new Section that replaces 31B, 35A, 38B and 44B)</p> <p>9.2 The firms of the President and Deputy President shall <u>have their firms</u> execute and deliver to IFAC a statement prior to the meeting of the Incoming Board, when the President and Deputy President first take office, and annually, by the first meeting of the Board following the Ordinary meeting of Council in which they the firms declare that they will support the President or Deputy President (as applicable), by ensuring their ability to speak for the global profession and in the public interest rather than as a member of the firm. The firm will also assure that it will not exert undue influence whether financial or otherwise, that might impair the ability of the President or Deputy President (as applicable) to act independently, with integrity and in the public interest. For the purpose of this section, <u>the</u> firms of the President and Deputy President may be firms in public practice, companies or other organizations in either the public or private sectors. (Section 31C)</p>	
<u>10 Financial and Administrative Matters</u>	
<p>10.1 <u>The financial contributions to be paid by IFAC member bodies are determined by the application of the basis of the assessment of financial contributions as approved by the Council in accordance with Section 3.5(f).</u> (new Section)</p>	Dues provisions
<p>10.2 The financial year of IFAC shall end on 31 December. (Section 46)</p> <p>10.3 The administrative office of IFAC shall be located in such location as may be determined by the Board. (Section 43)</p>	General statements regarding financial and administrative matters

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
11 <u>Limitations on Director/Officer Liabilities & Indemnification Rights</u>	
11.1 <u>Every person when acting in their capacity as a member of the Board, an Officer of IFAC or a member of a board, committee or other similar group of IFAC and any other servant or agent of IFAC shall, out of IFAC funds, be indemnified and saved harmless from and against any liability he or she may suffer or incur arising out of the normal operation of the IFAC, or out of any duty or responsibility under this Constitution, or out of any undertaking or assignment authorized by the Board and for all costs, charges and expenses which they may suffer or incur in the defence of any claim, action, suit or proceeding alleging such liability, provided such liability, costs, charges and expenses are suffered or incurred without their own wilful default.</u> (new Section)	
12 <u>Dissolution</u>	
12.1 In the event of a termination of IFAC's activities, <u>such financial contributions or received from member bodies and any other</u> assets <u>would will</u> not be returned to <u>the full, associate or affiliate member bodies</u> ; (Sections 4(b) in part)	Process for disbursing net assets in the event of dissolution
12.2 <u>Member bodies that resign or are expelled lose all rights to the financial contributions and assets received from member bodies.</u> (new Section) (Art. 73.1)	
13 <u>IFAC Bylaws</u>	
13.1 <u>This Constitution is supported by the IFAC Bylaws. These Bylaws provide more detail regarding the application of the powers identified in this Constitution and the delegation of such powers to the IFAC Board.</u> (new Section)	Specify purpose/function and authority of Bylaws
13.2 <u>Individual bylaws may be repealed or amended and new bylaws may be enacted by the Board and shall be considered to have immediate effect unless otherwise specified at the time of approval by the Board. No such repeal, amendment or enactment shall have force beyond the next Ordinary meeting of the Council, unless confirmed at such a meeting or at a Special meeting of the Council called for the purpose.</u> (new Section)	Process for adopting and amending Bylaws
13.3 <u>Any bylaw passed by the Board may be repealed, amended, varied or otherwise dealt with at any Ordinary meeting of the Council or at a Special meeting of the Council called for the purpose.</u> (new Section)	
14 <u>Constitutional Amendments</u>	
14.1 Resolutions amending the Constitution shall be proposed: (Section 19) a. by the Board; or (Section 19a) b. by not less than <u>one fifth</u> 20 percent of all designated representatives eligible to vote. (Section 19b)	Specify Membership Authority to Amend Constitution

PROPOSED IFAC CONSTITUTION (MARKED VERSION)

Provisions	Subsection References
<p>14.2 <u>The process for amending this Constitution is specified in Sections 3.4(i) and 4.9(a). Amendments to this Constitution that are approved in accordance with the requirements in Section 4.9(a) shall be considered to have immediate effect unless otherwise specified at the time of approval by the Council.</u> (new Section)</p>	<p>Describe Amendment Process</p>

Appendix 3

Proposed International Federation of Accountants' Constitution (clean version)

Shading indicates provisions that are in the Swiss Civil Code that are mandatory; or provisions that will apply in the absence of constitutional provisions or will overrule the Constitution if inconsistent with the Swiss Civil Code. Swiss Civil Code Article references are provided as necessary at the end of a paragraph.

The Section references to the current Constitution are included at the end of each paragraph in parentheses as necessary.

Provisions	Subsection References
<p><u>Interpretations</u></p> <p>This Interpretations Clause shall form part of this Constitution, in which:</p> <p>An “appropriate mode of communication” is considered to be a transmission via mail, courier, facsimile, electronic mail, or by posting on the International Federation of Accountants website or intranet and notification thereof from one party to another.</p> <p>“Delinquent member body” means a member body that fails to pay its financial contribution prior to the date of the following Council meeting after such contribution has become due.</p> <p>“The Forum of Firms” (hereinafter referred to as “the Forum”) means the grouping of firms and of networks of firms which have (or are interested in having) transnational audit appointments and which have undertaken certain obligations towards the Forum and the International Federation of Accountants designed to promote consistently high standards of financial reporting and auditing worldwide.</p> <p>“Member body” means a professional accountancy organization that has been admitted to the International Federation of Accountants and has retained its membership in good standing.</p> <p>“The Monitoring Group” is a group of regulatory and international organizations that have a responsibility to protect and advance the public interest and are committed to strongly supporting the development of high quality international auditing and assurance standards by the International Federation of Accountants and related high quality implementation practices by the international auditing profession.</p> <p>“The Public Interest Oversight Board” (hereinafter referred to as “the PIOB”) is an independent body charged with the oversight of the public interest activities of the International Federation of Accountants.</p>	

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>“The Transnational Auditors Committee” (hereinafter referred to as “the TAC”) means the committee of the International Federation of Accountants, which committee is the executive arm of the Forum.</p>	
<p>1 General Statements</p>	
<p>1.1 The name of the organization shall be the International Federation of Accountants (“IFAC”). (Section 1) (Art. 60.2)</p>	Name of the Organization
<p>1.2 IFAC shall be an association governed by this Constitution and Articles 60-79 of the Swiss Civil Code and any amendment to those Articles. (Section 42) (Art. 60.1)</p> <p>1.3 IFAC’s registered offices shall be in Geneva, Switzerland. (Section 42) (Art. 60.1)</p>	Statement of Incorporation
<p>1.4 The mission statement of IFAC is: (Section 2) (Art. 60.2)</p> <p>To serve the public interest, IFAC will continue to strengthen the accountancy profession worldwide and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession’s expertise is most relevant. (Section 2) (Art. 60.2)</p> <p>1.5 IFAC will carry out this mission within the framework of this Constitution and in the manner provided for in its Bylaws. (Section 2) (Art. 60.2)</p> <p>1.6 In carrying out this mission, IFAC shall reinforce the values of integrity, expertise and transparency and in relation to its members act appropriately as leader, facilitator, collaborator and observer. (Section 2) (Art. 60.2)</p>	Mission/Purposes/Objectives of the Organization
<p>2 Membership</p>	
<p>2.1 The membership of IFAC shall consist of those professional accountancy organizations that have been approved pursuant to Section 2.3 and that have not resigned or have not had their membership revoked by expulsion. The term “member body” is used to refer to a member of IFAC. (Section 3) (Arts. 60.2 and 67.1)</p>	Membership
<p>2.2 Member bodies shall:</p> <ul style="list-style-type: none"> a. act in the furtherance of fulfilling the mission of IFAC as set forth in Section 1.4 (Section 4a) b. support the mission, programs and services of IFAC by making such financial contributions at the beginning of each financial year as may be determined in accordance with the Constitution; (Section 4b) (Arts. 60.2 and 71.1) 	Membership Requirements

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<ul style="list-style-type: none"> c. demonstrate compliance with the obligations set out in the Statements of Membership Obligations (SMOs), which may be revised from time to time by a majority vote of IFAC’s Board; and (Section 4c) d. abide by the provisions of this Constitution. (Section 4d) 	Membership Requirements
2.3 The Council shall determine, upon the recommendation of the Board, the admission of professional accountancy organizations as member bodies. (new Section) (Art. 65.1)	Admission process
2.4 The Board shall determine the criteria for and procedures by which professional accountancy organizations shall be admitted and retained as member bodies in good standing. A member body shall be deemed to be in good standing unless the Board has taken a decision to suspend it in accordance with Section 2.5. (Section 3, in part)	Maintaining good standing status
2.5 Any member body may be suspended by the Board or expelled by the Council for the following causes: <ul style="list-style-type: none"> a. non-compliance with the criteria and obligations of membership; or (Section 31.m.i) (Art. 72.2) b. acts bringing the international accountancy profession into disrepute. (Section 31.m.ii) (Art. 72.2) 2.6 A member body may withdraw from IFAC at the end of any financial year provided it gives notice in writing six months in advance to the Chief Executive. (Section 6) (Art. 70.2) 2.7 Where in any financial year a member body withdraws, is suspended or expelled in accordance with Sections 2.5 and 2.6, that member body shall remain obliged to pay any amounts owing, including financial contributions, for that or, if applicable, the following financial year. (Section 6) (Art. 73.2)	Grounds for suspension, expulsion and withdrawal
3 <u>Council</u>	
3.1 Council composition: <ul style="list-style-type: none"> a. The Council shall consist of one representative designated as such from each member body of IFAC who shall have the authority to vote on behalf of the member body on matters before the Council. (Section 8a) (Art. 67.1) b. The Chair of the PIOB shall be entitled to attend meetings of the Council and may address meetings of the Council on any matters in regard to the public interest oversight of IFAC. The Chair of the PIOB is also entitled to participate in the discussion and deliberations at meetings of the Council, but shall not be entitled to vote. Where circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend meetings of Council, but shall not be entitled to vote. (Section 8c) c. The Chair of the Forum, where appropriate accompanied by the Chair of the TAC, shall be entitled, or if requested by the President of IFAC may be required, to attend and to report to meetings of the Council on 	Composition of Council

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
plans for the following year, and progress and achievement against plans approved the previous year; such reports shall include the activities of the TAC. The Chairs of the Forum and of the TAC shall each be entitled to participate in the discussion and deliberations at meetings of the Council, but shall not be entitled to vote. (Section 8d)	
<p>3.2 The governance of IFAC shall ultimately rest with the Council. (Section 7) (Arts. 60.2 and 64.1)</p> <p>3.3 The Council grants the Board the authority to govern the operations of IFAC as set out in this Constitution and in the IFAC Bylaws. (new section)</p> <p>3.4 The Council shall: (Art. 66.1)</p> <ul style="list-style-type: none"> a. appoint a Nominating Committee, upon the recommendation of the Board, in accordance with Sections 5.11 and 5.12 of this Constitution; (Section 9a) b. in each alternate year, on the recommendation of the Nominating Committee which shall have consulted with the Board, elect from among the members of the Board a Deputy President for a term of two years (without the right of re-election to the same office). The Deputy President shall become President at the end of the period of two years from the time of their election, unless the Council shall determine otherwise on a recommendation of the Board, and shall serve as President for the period of two years; (Section 9b) c. in the event of a determination by the Council under Section 3.4(b). that the Deputy President shall not become President, appoint the candidate elected as Deputy President at that time, to serve as President for the period of two years, as though they had served as Deputy President in the usual way; and at its next meeting, the Council shall elect a Deputy President, who shall serve as Deputy President for the remaining term of the current President, following which they shall be eligible to become President under Section 3.4(b), as though they had served as Deputy President for the period of two years; (Section 9c) d. receive reports on progress and achievement against plans approved the previous year, and reports on progress on policy and strategic initiatives; (Section 9d) (Art. 66.1) e. determine, upon the recommendation of the Board: <ul style="list-style-type: none"> i. the admission of professional accountancy organizations as member bodies of IFAC in accordance with Section 2.1; and (Section 9.e.i) (Arts. 65.1 and 70.1) ii. the expulsion of member bodies in accordance with Section 2.5; (Section 9.e.ii) (Arts. 65.1 and 72.1) f. determine, upon the recommendation of the Board, the basis of the assessment of the financial contributions to be paid by member bodies; (Section 9f) (Art. 71.1) 	Authority of Council

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<ul style="list-style-type: none"> g. determine, upon the recommendation of the Board: <ul style="list-style-type: none"> i. proposals for policy and strategic initiatives, including proposed work programs and goals, and the broad parameters of the budget for the ensuing year including the level of member body financial contributions for the ensuing year; (Section 9.g.i) ii. any other matters reserved under the terms of this Constitution or within the Swiss Civil Code for decision or approval by the Council; (Section 9.g.ii) (Art. 65.1) h. upon the recommendation of the Nominating Committee; <ul style="list-style-type: none"> i. elect members of the Board in accordance with the provisions of this Constitution; (Section 9.h.i) (Art. 65.1) ii. determine the recognition of organizations as regional organizations of IFAC and the withdrawal of such recognition; and (Section 9.h.ii) iii. remove a Board member during that Board member's term for non-performance or other good cause; (Section 9.h.iii) (Art. 65.1) i. determine, upon the recommendation of the Board or upon a resolution of designated representatives in accordance with Section 14.1(b), any amendments to this Constitution; and (Section 9j) (Art. 64.1) j. on the recommendation of the Board appoint an auditor. (Section 9k) 	
4 <u>Meetings of the Council</u>	
4.1 An Ordinary meeting of the Council shall be held annually as determined by the Board within three months prior to the end of the financial year and at a location chosen by the Board. (Section 10) (Arts. 64.2 and 64.3) 64.3)	Meeting frequency
4.2 Special meetings of the Council shall be held at a place and time to be determined by the Board within four months of receipt by the Chief Executive of either: <ul style="list-style-type: none"> a. a resolution supported by a least 75 percent of the members of the Board; or (Section 11) (Art. 64.3) b. a communication by not less than 20 percent of all member bodies who are eligible to vote, with a statement in writing of the purposes of the meeting. (Section 11) (Art. 64.3) 	Right to Call a Meeting

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>4.3 The Council shall not take any action on any matters coming before it at Ordinary or Special meetings unless there is a quorum. There shall be a quorum:</p> <ul style="list-style-type: none"> a. if at least 15 percent of the representatives of member bodies eligible to vote are present in person or by proxy at an Ordinary meeting; or b. if at least 50 percent of the representatives of member bodies eligible to vote are present in person or by proxy at a Special meeting. <p>If there is no quorum, the meeting shall be adjourned to a time and place determined by the President so that a quorum may be obtained. (Section 13)</p>	<p>Quorum Requirements</p>
<p>4.4 Each member body representative shall have one vote. A delinquent member body or a member body suspended from membership is entitled to observe but is neither eligible to vote nor entitled to participate in the discussions and deliberations of meetings of the Council. The method of voting for substantive matters to be considered at the Ordinary Meeting shall be determined by the meeting, upon the announcement by the Chair of a quorum for such meeting. (Section 14, in part) (Art. 67.1)</p> <p>4.5 The President of IFAC shall be the Chair of any Ordinary or Special meetings of the Council. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Council meetings. If neither is present the meeting shall elect a Chair from among those present. The President or Deputy President, when acting in their capacities as Chair, shall have only a casting vote. (Section 20, in part)</p> <p>4.6 A member body may for an Ordinary or Special meeting give a proxy to vote on behalf of that member body, provided that the member body shall have sent notification via an appropriate mode of communication to the Chief Executive of IFAC, which is received at least twenty-four hours before the scheduled start of an Ordinary or Special meeting of any proxies given:</p> <ul style="list-style-type: none"> a. to any representative entitled to vote in terms of Section 3.1(a) of the Constitution, except that no such representative of a member body may hold more than five proxies for any one motion; or (Section 14, in part) b. to the Chair of the Council meeting; or (Section 14, in part) c. to the president or chief executive, or equivalent, of the recognized regional organization of which the member body is a member, except that no regional organization may hold more than five proxies for any one motion. (Section 14, in part) 	<p>Voting Requirements, Procedures and Rights</p>

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>4.7 In extraordinary circumstances, where a proxy is received within twenty-four hours prior to the scheduled start of an Ordinary or Special Council meeting, the Chair of the meeting shall, subject to ratification by the Council, have the discretion to permit the proxy. (new Section)</p> <p>4.8 Voting Procedures and Majority Requirements</p> <p>a. At an Ordinary or Special meeting of the Council decisions shall require a simple majority of all representatives of member bodies eligible to vote and voting except that decisions as to the basis of assessment of the financial contributions and amendments of the Constitution shall require the affirmative vote of at least two-thirds of all the representatives of member bodies eligible to vote and voting. (Section 15) (Art. 67.2)</p> <p>b. In the event that Council decides not to accept proposals made by the Board pursuant to Section 3.4(g)(i) above the status quo shall be maintained with respect to the budget including the level of financial contributions until such time as Council agrees to an alternative proposal pursuant to Section 3.4(g)(i) by a simple majority vote which is subsequently adopted by the Board, or the Board calls for a Special meeting of Council, pursuant to Section 4.2(a), which sets forth the recommendations of the Board with respect to the matters described in Section 3.4(g)(i). (Section 15)</p> <p>c. The vote taken on any resolution proposed at a Special meeting shall be taken by a mail ballot and/or electronic mail ballot of all member bodies eligible to vote, on a demand of those member bodies eligible to vote and present at the meeting who constitute not less than 20 percent of all member bodies eligible to vote. Votes received after the deadline determined by the President will not be counted; such deadline shall not be less than six weeks after the ballots were distributed by an appropriate mode of communication. (Section 15)</p>	
<p>4.9 The Chief Executive shall send to each member body a notice containing the time and place of the Ordinary meeting and an agenda of the items of business to be transacted. This notice shall be transmitted via an appropriate mode of communication at least two months in advance of the Ordinary meeting. A member body may have a matter included on the agenda for an Ordinary meeting, or may respond to a proposed business matter to be transacted at the Ordinary meeting provided such a request is received in an appropriate mode of communication not less than one month in advance of the Ordinary meeting and has the support of five other member bodies. Upon receipt of such a communication from a member body, the Chief Executive shall send, at least 21 days prior to the date of the Ordinary meeting, to each member body with respect to an Ordinary meeting, a revised notice. (Section 16)</p>	<p>Notice of Meetings</p>

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>4.10 The Chief Executive shall send to each member body a notice containing the time and place of a Special meeting and an agenda of the business to be transacted. This notice shall be transmitted via an appropriate mode of communication at least two months in advance of the Special meeting, subject to the meeting being held within the period of four months provided in accordance with Section 4.2. (Section 17)</p> <p>4.11 No business other than that included in the agenda for the meeting shall be transacted at any such meeting except that, in the case of Ordinary meetings, the Council, by a simple majority of those who are present and eligible to vote, may waive this restriction provided however that no waiver under this section may be exercised in respect of matters relating to the basis of assessment of financial contributions or amendments to the Constitution. (Section 18) (Art. 67.3)</p>	Notice of Meetings
<p>5 Board</p>	
<p>5.1 The Board shall consist of the President, the Deputy President and not more than twenty members. (Section 21)</p> <p>5.2 In selecting the members of the Board the Council shall be cognizant that the composition of the Board shall reflect the level of financial contribution to IFAC by member bodies. The allocation of Board seats shall be based on between eight and ten seats being allocated to representatives of the top twelve contributor member bodies, between five and seven seats to the thirteen to twenty-four contributor category and between five and seven seats to representatives from the member bodies not in the top twenty-four contributors. (new Section)</p> <p>5.3 Subject to Sections 5.1 and 5.2, the Nominating Committee shall base its recommendations for persons to fill positions on the Board on the basis of the best persons for those positions. In applying this criterion the Nominating Committee will consider such factors as leadership and other personal skills, geographic balance, industry balance, size of employer and gender balance. (new Section)</p>	Composition of Board
<p>5.4 The Board shall have the power to take all practicable steps to achieve the objectives of IFAC as set out in Section 1.4 and to take any action which is in the general interest of IFAC and which is not expressly addressed in this Constitution or IFAC Bylaws. The Board shall ensure that it does not involve itself in the domestic affairs of a member body other than to the extent necessary to ensure compliance with the obligations of membership of IFAC. Further powers of the Board are specified in the IFAC Bylaws. (Sections 31a and 31p) (Art. 69)</p> <p>5.5 The Board shall with respect to the PIOB: (Section 31A)</p> <ul style="list-style-type: none"> a. agree with the Monitoring Group and the PIOB an adequate annual budget for the PIOB; (Section 31Aa) b. discuss with the Monitoring Group and the PIOB the IFAC groups over which the PIOB shall have oversight to be specified in the IFAC Bylaws; (new Section) 	<p>Authority of Board</p> <p>Public Interest Oversight Board</p>

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<ul style="list-style-type: none"> c. submit to the PIOB for approval the appointments of members and chairs of the boards and advisory panel it has oversight over as specified in the IFAC Bylaws; (Section 31Ab) d. consult with the PIOB prior to any decision by the Board for the removal of members and chairs of the boards and advisory panel over which it has oversight as specified in the IFAC Bylaws; (Section 31Ac) e. submit to the PIOB for approval the terms of reference of the boards and advisory panel over which it has oversight as specified in the IFAC Bylaws and the terms of reference of their respective consultative advisory groups; (Section 31Ad) f. make available to the PIOB documentation related to the boards and advisory panel over which the PIOB has oversight in such form, content and frequency as is reasonably requested by the PIOB; and (Section 31Ae) g. perform at its discretion a review of the PIOB and the boards and advisory panel over which the PIOB has oversight. (Section 31Af) 	
<p>5.6 All eligible member bodies or groups of member bodies which wish to put forward a candidate or candidates for election to the Board must communicate their intention with the Chief Executive in conformity with the terms and conditions set out in the Bylaws. (Section 22)</p> <p>5.7 The person elected as a member of the Board shall assume office at the conclusion of the meeting of the Council at which they are elected and shall be appointed for a term as determined in accordance with the IFAC Bylaws. The elections to the Board are to be held annually in accordance with the Bylaws in such a way as to achieve an orderly rotation of the Board each year without losing continuity. Provisions for the length of service and reappointment to service are determined in accordance with the Bylaws. (Section 25)</p> <p>5.8 The person nominated in accordance with Section 5.7 must be a member or chief executive or equivalent of the nominating member body or of one of the member bodies nominating as a group of member bodies. (Section 26)</p> <p>5.9 Any vacancy of Board membership created for reasons indicated in the IFAC Bylaws shall be filled by the Council through the normal processes of election at its next meeting. Any such vacancy may be filled in the interim in accordance with the IFAC Bylaws. (Section 29)</p>	Election & Removal; Terms

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>5.10 Except in circumstances where the Presidency has been vacated pursuant to Section 7.4, the immediate past President shall, for the two year period following the completion of their term as President: (Section 34A)</p> <ul style="list-style-type: none"> a. be entitled to attend all Board meetings and participate in the discussions and deliberations, but without voting rights; and (Section 34Aa) b. have such other specific responsibilities as may, from time to time, be determined by the President and the Board. (Section 34Ab) 	<p>Role of the Past President</p>
<p>5.11 The Nominating Committee shall be composed of the President and Deputy President <u>ex officio</u> and no less than four ordinary members, appointed by the Council on the recommendation of the Board. (Section 36)</p> <p>5.12 Except as otherwise provided in the Constitution, the composition, terms of members, duties, powers and operating procedures of the Nominating Committee shall be prescribed in the IFAC Bylaws. (new Section)</p> <p>5.13 A representative of the PIOB shall be entitled to attend meetings or parts of meetings of the Nominating Committee devoted to the selection of potential members of the boards and advisory panel over which it has oversight as specified in the IFAC Bylaws and shall be entitled to participate in the discussions and deliberations of the meeting but have no voting rights. (Section 36)</p> <p>5.14 For those boards and advisory panel subject to PIOB oversight the Board shall develop for the approval of the PIOB operational procedures to be followed by the Nominating Committee. (Section 37)</p> <p>5.15 The Nominating Committee shall have the power to call for such information from a member body or from the Forum as it considers appropriate to enable it to carry out the above duties and shall, in the execution of said duties, have regard to the principle that the primary criterion shall be on the basis of the best persons for the available position. In applying this criterion the Nominating Committee will consider such factors as leadership and other personal skills, geographic balance, industry balance, size of employer and gender balance. (Section 38)</p> <p>5.16 The Nominating Committee may recommend to Council the removal of a Board member during that Board member's term for non-performance or other good cause. The Nominating Committee also may recommend to the Board the removal of the Chair of a committee or a committee member during that member's term for non-performance or other good cause. (Section 38A)</p> <p>5.17 The Nominating Committee shall be required to report annually to the Board as requested and annually to the Council on the process followed during the nominations cycle and on any significant issues that arose as part of that process. (new Section)</p>	<p>Nominating Committee</p>

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
5.18 The Board may establish a group, on the recommendation of the President, to be referred to as the IFAC Regulatory Liaison Group (IRLG). The composition and terms of reference of the IRLG shall be determined from time to time by the IFAC Board. (Section 44A)	Regulatory Liaison Group
5.19 The Board shall appoint, on the recommendation of the Nominating Committee and based on proposals from the IFAC Officers, for the next year no less than three persons from among members of the Board, other than the Officers or Chairs of IFAC boards, committees or other similar groups, to constitute a committee on audit (Audit Committee), to make arrangements with the auditors for their examination and to review the audit report. The Board shall set the terms of reference of the Audit Committee from time to time. (Section 45)	Audit Committee
6 Meetings of the Board	
6.1 The Ordinary meetings of the Board shall be held at such times and places as it may decide, provided that it shall hold at least two meetings each calendar year. (Section 33)	Frequency
6.2 A Special meeting of the Board shall be called when the Chief Executive receives a communication from at least four members of the Board with a statement of the purpose of the meeting. The place and time of the Special meeting shall be determined by the President so as to be held within two months of the Chief Executive receiving the communication. (Section 34)	Right to Call a Meeting
6.3 A quorum of the Board shall consist of a simple majority of the members of the Board. (Section 30)	Quorum Requirements
6.4 The Chair of the PIOB shall be entitled to attend meetings of the Board and shall be entitled to participate in the discussions and deliberations of the meeting, but shall not be entitled to vote. They may address the Board on any matters in regard to the public interest oversight of IFAC, and where circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend a meeting of the Board. (Section 33A)	Attendance at Meetings
6.5 The President of IFAC shall be the Chair of the Board. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Board meetings. If neither is present, the meeting shall elect a Chair from among those present. (Section 20, in part) 6.6 Decisions on any matters, except the decision to convene a Special meeting of the Council in accordance with Section 4.2(a), shall be taken on a simple majority of the members of the Board present. Each member of the Board other than the Chair of the meeting shall have one vote and the Chair shall have a casting vote. (Section 32)	Voting Requirements, Procedures and Rights

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
7 <u>Officers</u>	
7.1 The Officers of IFAC shall be the President, Deputy President and Chief Executive. (Section 44)	Officers
7.2 The Officers shall have such powers and perform such duties as are assigned to them under this Constitution, the IFAC Bylaws and by the Board from time to time. (new Section)	Statement of General Duties/Responsibilities
7.3 IFAC is bound by the signature of two of the three Officers or by the signatures of such person or persons as may be duly authorized by the Board. (Section 47)	
7.4 In the case of the incapacity, resignation, removal or death of the President, or of their ceasing to be a member of a member body, the Deputy President shall assume the office of President on a temporary basis and shall be empowered to call an election by mail ballot to elect a new President and, if necessary, a new Deputy President from among the remaining representatives on the Board. (Section 39)	Election and Removal
7.5 Similarly, in the case of the incapacity, resignation, removal or death of the Deputy President, or of their ceasing to be a member of a member body, the President shall be empowered to call an election by ballot to elect a new Deputy President from among the remaining representatives on the Board. (Section 40)	
8 <u>Chief Executive</u>	
8.1 The Board shall appoint a Chief Executive who shall be responsible to the Board for the conduct of the affairs of IFAC. The Chief Executive shall be the Secretary to the Board and to the Council. (Section 41) (Art. 69)	Appointment and Statement of Responsibilities
8.2 The Chief Executive shall have the right to address the Board on matters which they believe to be in the interests of IFAC. (Section 41A)	
9 <u>Annual Declarations</u>	
9.1 All members of boards, committees or other similar groups of IFAC shall sign and deliver an annual declaration indicating that they will act in the public interest and with integrity in discharging their roles within IFAC. The declaration shall be delivered prior to the first meeting of that group in the calendar year. (new Section that replaces 31B, 35A, 38B and 44B)	
9.2 The President and Deputy President shall have their firms execute and deliver to IFAC a statement prior to the meeting of the Incoming Board, when the President and Deputy President first take office, and annually, by the first meeting of the Board following the Ordinary meeting of Council in which the firms declare that they will support the President or Deputy President (as applicable), by ensuring their ability to speak for the global profession and in the public interest rather than as a member of the firm. The firm will also assure that it will not exert undue influence whether financial or otherwise, that might impair the ability of the President or Deputy	

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
President (as applicable) to act independently, with integrity and in the public interest. For the purpose of this section, the firms of the President and Deputy President may be firms in public practice, companies or other organizations in either the public or private sectors. (Section 31C)	
10 <u>Financial and Administrative Matters</u>	
10.1 The financial contributions to be paid by IFAC member bodies are determined by the application of the basis of the assessment of financial contributions as approved by the Council in accordance with Section 3.5(f). (new Section)	Dues provisions
10.2 The financial year of IFAC shall end on 31 December. (Section 46)	General statements regarding financial and administrative matters
10.3 The administrative office of IFAC shall be in such location as may be determined by the Board. (Section 43)	
11 <u>Limitations on Director/Officer Liabilities & Indemnification Rights</u>	
11.1 Every person when acting in their capacity as a member of the Board, an Officer of IFAC or a member of a board, committee or other similar group of IFAC and any other servant or agent of IFAC shall, out of IFAC funds, be indemnified and saved harmless from and against any liability he or she may suffer or incur arising out of the normal operation of the IFAC, or out of any duty or responsibility under this Constitution, or out of any undertaking or assignment authorized by the Board and for all costs, charges and expenses which they may suffer or incur in the defence of any claim, action, suit or proceeding alleging such liability, provided such liability, costs, charges and expenses are suffered or incurred without their own wilful default. (new Section)	
12 <u>Dissolution</u>	
12.1 In the event of a termination of IFAC's activities, financial contributions received from member bodies and any other assets will not be returned to member bodies. (Sections 4(b) and 5(d) in part)	Process for disbursing net assets in the event of dissolution
12.2 Member bodies that resign or are expelled lose all rights to the financial contributions and assets received from member bodies. (new Section) (Art. 73.1)	
13 <u>IFAC Bylaws</u>	
13.1 This Constitution is supported by the IFAC Bylaws. These Bylaws provide more detail regarding the application of the powers identified in this Constitution and the delegation of such powers to the IFAC Board. (new Section)	Specify purpose/function and authority of Bylaws

PROPOSED IFAC CONSTITUTION (CLEAN VERSION)

Provisions	Subsection References
<p>13.2 Individual bylaws may be repealed or amended and new bylaws may be enacted by the Board and shall be considered to have immediate effect unless otherwise specified at the time of approval by the Board. No such repeal, amendment or enactment shall have force beyond the next Ordinary meeting of the Council, unless confirmed at such a meeting or at a Special meeting of the Council called for the purpose. (new Section)</p> <p>13.3 Any bylaw passed by the Board may be repealed, amended, varied or otherwise dealt with at any Ordinary meeting of the Council or at a Special meeting of the Council called for the purpose. (new Section)</p>	<p>Process for adopting and amending Bylaws</p>
<p>14 <u>Constitutional Amendments</u></p>	
<p>14.1 Resolutions amending the Constitution shall be proposed: (Section 19)</p> <p style="padding-left: 20px;">a. by the Board; or (Section 19a)</p> <p style="padding-left: 20px;">b. by not less than 20 percent of all designated representatives eligible to vote. (Section 19b)</p>	<p>Specify Membership Authority to Amend Constitution</p>
<p>14.2 The process for amending this Constitution is specified in Sections 3.4(i) and 4.9(a). Amendments to this Constitution that are approved in accordance with the requirements in Section 4.9(a) shall be considered to have immediate effect unless otherwise specified at the time of approval by the Council. (new Section)</p>	<p>Describe Amendment Process</p>



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