

November 2017

Bylaws of the International Federation of Accountants





This document was developed by the Board of the International Federation of Accountants (IFAC) and approved by the IFAC Council November 2017.

IFAC's mission is to serve the public interest by:

- Contributing to the development of high-quality standards and guidance
- Facilitating the adoption and implementation of high-quality standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide
- Speaking out on public interest issues

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BYLAWS OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS

SECTION I: GENERAL STATEMENTS

The International Federation of Accountants (“**IFAC**”) is governed by Articles 60-79 of the Swiss Civil Code, the Constitution, these Bylaws; and other Policies as may be established by the Board of Directors (“**Board**”). Provisions of these Bylaws must be read in conjunction with the relevant provisions of the Constitution. If any provision of these Bylaws is inconsistent with provisions of the Constitution, the provisions of the Constitution shall prevail.

SECTION II: MEMBERS

Article 1 Member Admission Criteria and Obligations

- 1.1 Member status shall be open to Professional Accountancy Organizations (“**PAO**”s) that meet the following criteria:
 - a. the PAO is acknowledged, either by legal decree or by general consensus, as being a national PAO in good standing in the jurisdiction in which it operates. In case of acknowledgement of the foregoing by general consensus, evidence shall exist that such PAO has the support of the public and other key stakeholders;
 - b. the PAO supports the mission of IFAC;
 - c. the PAO fulfills the requirements specified in the Statements of Membership Obligations (“**SMO**”s) approved by the Board, and demonstrates evidence of compliance as required by the Member Compliance Program;
 - d. the PAO demonstrates capacity to actively participate in the Member Compliance Program;
 - e. the PAO is financially and operationally viable, and has an appropriate governance structure;
 - f. the PAO has an internal operating structure that provides for the support and regulation of its members;
 - g. the PAO has the financial capacity to make the Member contributions determined in accordance with the basis of assessment approved by the Council, and makes such contributions; and
 - h. the PAO abides by the relevant provisions of the Constitution and Bylaws.
- 1.2 The Board may establish additional criteria and procedures for PAOs to be admitted as Members, and to retain their status as Members in Good Standing.
- 1.3 Members shall be admitted by the Council upon recommendation of the Board. The recommendation shall be approved by the Board by a two-thirds majority vote.

SECTION III: ASSOCIATES AND AFFILIATES

ASSOCIATES

Article 2 Associate Admission Criteria and Obligations

- 2.1 Associate status shall be open to PAOs that do not meet the Member admission criteria set forth in Article 1, but that:
- a. support the mission of IFAC;
 - b. demonstrate, to the Board's satisfaction, evidence of compliance with such additional criteria and procedures for PAOs to be admitted as Associates, and to retain their status as Associates in Good Standing, as may be established by the Board;
 - c. have the financial capacity to make the contributions determined by the Board, and make such contributions; and
 - d. abide by the relevant provisions of the Constitution and Bylaws.
- 2.2 Associates shall be admitted by the Council upon recommendation of the Board. The recommendation shall be approved by the Board by a two-thirds majority vote.
- 2.3 Upon a recommendation of the Board, the Council may approve a Member becoming an Associate when the Member:
- a. no longer meets the Member admission criteria and obligations set forth in Article 1;
 - b. has requested to become an Associate; and
 - c. meets the Associate admission criteria set forth in Article 2.1.
- The recommendation shall be approved by the Board by a two-thirds majority vote.
- 2.4 The Member will become an Associate immediately after the Council's decision. The Member shall make a financial contribution at the Member level for the calendar year in which the Council's decision is made; and at the Associate level for the following calendar year.

Article 3 Associate Entitlements

- 3.1 Associates in Good Standing are entitled to:
- a. attend Council meetings;
 - b. participate in the discussions and deliberations at Council meetings, unless Delinquent, but without voting rights;
 - c. receive access to IFAC publications, unless delinquent in which case access is limited to publications which are otherwise available to the general public; and
 - d. such other entitlements as the Board may establish.
- 3.2 Associates are generally expected to advance to the Member category. The Board may recommend to the Council an Associate for the Member category when the Associate meets the Member admission criteria set forth in Article 1, and the Associate is committed to meeting the obligations required of Members. The recommendation shall be approved by the Board by a two-thirds majority vote. The Associate shall follow the Member admission procedures, and make a Member financial contribution in the year following its admittance as a Member.

AFFILIATES

Article 4 Affiliate Admission Criteria and Obligations

4.1 Affiliate status shall be open to organizations that:

- a. are not PAOs;
- b. have an interest in the global accountancy profession;
- c. support the mission of IFAC;
- d. demonstrate, to the Board's satisfaction, evidence of compliance with such additional criteria and procedures for organizations to be admitted as Affiliates, and to retain their status as Affiliates in Good Standing, as may be established by the Board;
- e. have the financial capacity to make the contributions determined by the Board, and make such contributions; and
- f. abide by the relevant provisions of the Constitution and Bylaws.

4.2 Affiliates are admitted by a two-thirds majority vote of the Board.

Article 5 Affiliate Entitlements

Affiliates in Good Standing are entitled to:

- a. attend Council meetings;
- b. participate in the discussions and deliberations at Council meetings, unless Delinquent, but without voting rights;
- c. receive access to IFAC publications, unless Delinquent in which case access is limited to publications which are otherwise available to the general public; and
- d. such other entitlements as the Board may establish.

SECTION IV: PRINCIPLES APPLICABLE TO MEMBERS, ASSOCIATES, AND AFFILIATES

Article 6 Suspension

6.1 A Member, Associate, or Affiliate may be suspended by the Board for the following causes ("**Infraction**"):

- a. failure to maintain compliance with the relevant admission criteria and obligations;
- b. failure to pay its financial contribution in full prior to the date of the Ordinary meeting of the Council following the date on which such contribution has become due; or
- c. acts bringing IFAC or the international accountancy profession into disrepute.

6.2 A suspended Member, Associate, or Affiliate shall not be in Good Standing, but will continue to retain its status as Member, Associate, or Affiliate.

6.3 A suspended Member, Associate, or Affiliate shall not be entitled to the entitlements set forth in the Constitution and Bylaws, except for access to IFAC publications which are otherwise available to the general public.

Article 7 Expulsion

- 7.1 A Member or Associate shall be suspended for the period commencing with the Board's approval of the suspension and ending at the start of the following year's Ordinary meeting of the Council ("**Member/Associate Suspension Period**"). At the end of the Member/Associate Suspension Period, and upon recommendation of the Board, the Council shall approve either the expulsion of such Member or Associate or an extension of the Member/Associate Suspension Period. The recommendation shall be approved by the Board by a two-thirds majority vote.
- 7.2 In the case of an Affiliate, the suspension period commences with the Board's approval of the suspension and ends at the start of the last Ordinary meeting of the Board in the year following the year in which the Board approved the suspension ("**Affiliate Suspension Period**"). The expulsion of such Affiliate, or an extension of the Affiliate Suspension Period, shall be approved by a two-thirds majority vote of the Board.
- 7.3 If the Infraction that resulted in suspension is cured during the suspension period, the suspension shall be rescinded, effective as of the date of cure.

Article 8 Resignation

- 8.1 A Member, Associate, or Affiliate may resign by giving written notice to the Chief Executive Officer ("**CEO**") at least six months in advance of the effective date of resignation. Such resignation shall generally be effective as of December 31 of the year in which notice is given, unless the Board expressly consents to a different effective date.
- 8.2 A Member, Associate, or Affiliate that has resigned may not apply for re-admission for a period of three years after the date its resignation became effective, unless it makes the financial contributions it would have made had it remained a Member, Associate, or Affiliate.

Article 9 Outstanding Financial Contributions

- 9.1 Notwithstanding a Member's, Associate's, or Affiliate's suspension, expulsion, or resignation prior to December 31, such Member, Associate, or Affiliate shall remain obligated to pay IFAC:
- a. the total outstanding balance of its financial contribution and any other amounts owed to IFAC for (i) the full fiscal year in which its suspension, expulsion, or resignation becomes effective, and (ii) for all prior years;
 - b. in case of resignation with written notice being given on or after July 1, the full amount of such Member's, Associate's, or Affiliate's financial contribution for the immediately following fiscal year;
 - c. in case of suspension, the total of all financial contributions assessed during the suspension period.
- 9.2 A Member, Associate, or Affiliate that resigns or is expelled shall not be entitled to any portion of the financial contribution and any other fees, assets, or amounts that it previously paid or contributed to IFAC.

Article 10 Reinstatement

- 10.1 A Member or Associate expelled for failure to satisfy its outstanding financial obligations will be automatically reinstated to its status if all outstanding amounts owed by such former Member or Associate, including the financial contributions due for the period of expulsion, the Suspension

Period, and the period prior to the Suspension Period, are paid in full within two years of the date on which it was expelled.

- 10.2 If some, but not all, of the outstanding financial obligations for the periods set forth in Article 10.1 are paid within the two-year period, reinstatement of such former Member or Associate is subject to approval by the Board.
- 10.3 After the two-year expulsion period, the former Member or Associate shall apply for re-admission as a new applicant.
- 10.4 A Member or Associate expelled for reasons other than failure to meet its outstanding financial obligations that is seeking re-admission as a Member or Associate shall apply for re-admission as a new applicant.
- 10.5 An expelled Member or Associate may not apply for re-admission for a period of three years after the date of expulsion.

Article 11 Significant Organizational Restructuring

- 11.1 A Member, Associate, or Affiliate that engages in a Significant Organizational Restructuring shall inform the CEO at the earliest opportunity, subject to confidentiality restrictions, if the Significant Organizational Restructuring may affect the PAO's status as Member, Associate, or Affiliate. A "**Significant Organizational Restructuring**" includes, but is not limited to, a merger of Members, Associates, or Affiliates or of a Member, Associate, or Affiliate and another organization; a take-over of or by a Member, Associate, or Affiliate; a new organization emerging from a Member, Associate, or Affiliate; significant changes to the governance, financial, or operational arrangements of a Member, Associate, or Affiliate; or changes to the acknowledgement of a Member, either by legal decree or by general consensus, as being a national PAO in good standing in the jurisdiction in which it operates.
- 11.2 A Significant Organizational Restructuring by a Member, Associate, or Affiliate shall be recognized by IFAC on the date the Significant Organizational Restructuring becomes effective; and:
 - a. the Board shall determine whether the restructured organization should be subject to re-admission, in which case the affected Member(s), Associate(s) or Affiliate(s) will retain their pre-restructured status until such time as the restructured organization has completed the admission procedures and is admitted by the Council or Board, as the case may be;
 - b. the affected Member(s), Associate(s), or Affiliate(s) shall pay the total outstanding balance of their financial contribution and any other amounts owed to IFAC in their pre-restructured status for (i) the full fiscal year in which the Significant Organizational Restructuring is recognized by IFAC, and (ii) for all prior years;
 - c. if the effective date of the Significant Organizational Restructuring is on or after July 1, the affected Member(s), Associate(s), or Affiliate(s) shall pay the full amount of their pre-restructured financial contribution due in respect of the immediately following fiscal year; and
 - d. Board members nominated by the affected Member(s) shall retain their Board seats until the next Ordinary meeting of the Council after the effective date of the Significant Organizational Restructuring, during which their Board seats shall be reallocated according to the ordinary Board seat allocation procedures set forth in the Bylaws.

SECTION V: ORGANIZATION AND GOVERNANCE

Article 12 Governing Bodies and Officers

The Governing Bodies and Officers are set forth in Article 10 of the Constitution.

SECTION VI: COUNCIL AND COUNCIL MEETINGS

Article 13 Designation of Member Representatives

13.1 The Council representative designated by a Member (“**Designated Representative**”) shall be a member or the chief executive or equivalent officer of that organization.

13.2 In case of a dispute over who is the Designated Representative, the IFAC President shall make the final determination.

Article 14 Ordinary and Special Council Meetings

14.1 An Ordinary meeting of the Council shall be held annually at a date, time, and location determined by the Board.

14.2 A Special meeting of the Council shall be called by the Board and held within *four months* of:

- a. at least 75 percent of the Board adopting a resolution calling for a Special meeting of the Council; or
- b. the CEO receiving a request for a Special meeting of the Council, delivered by an Appropriate Mode of Communication and supported by at least 20 percent of all Members eligible to vote.

14.3 The date, time, and – if applicable – location of such Special meeting of the Council shall be determined by the Board. Notice of such meeting shall be given within a reasonable time after such decision is made, but no later than specified in Article 15.2.

14.4 A Special meeting of the Council may be held by way of telephone conference, video conference, or other electronic means (“**Electronic Meeting**”) as decided and announced by the Board.

Article 15 Notice of Council Meetings

15.1 The CEO shall send a notice to each Member, Associate, and Affiliate containing the date, time, location (or details for participating in an Electronic Meeting), and agenda of the Council meeting, and an agenda of the items of business to be considered at the Council meeting.

15.2 In case of a Council meeting that is not an Electronic Meeting, the notice shall be transmitted by an Appropriate Mode of Communication at least *two months* in advance of the Council meeting. For an Electronic Meeting, the notice shall be transmitted at least *one month* in advance of the Council meeting.

15.3 Notice of a Council meeting may be waived by a Member, Associate, or Affiliate that submits a signed waiver of notice.

Article 16 Agenda for Council Meetings

16.1 A Member in Good Standing may request that an item of business be modified or added to the agenda of a Council meeting.

- a. A request made in advance of the meeting shall be received by the CEO by an Appropriate Mode of Communication at least *one month* in advance of the meeting, and shall have the

support of five other Members eligible to vote. The CEO shall distribute a revised agenda at least *two weeks* prior to the scheduled date of the Council meeting.

- b. A request made at the meeting shall be approved by the affirmative vote of a majority of Members eligible to vote and present in person or by proxy at the Council meeting.

Article 17 Right to Attend Council Meetings

17.1 In addition to the Designated Representative of each Member, the following individuals shall be entitled to attend and, unless otherwise indicated, participate in the discussions and deliberations, but shall not be entitled to vote at Council meetings:

- a. One technical advisor to each Member's Designated Representative, who shall be appointed by the Member and shall be either a member or staff of that Member, and who may participate at the discretion of his/her Designated Representative unless they are affiliated with a Delinquent Member;
- b. Two observers from each Associate or Affiliate, who may participate unless they are affiliated with a Delinquent Associate or Affiliate;
- c. Two observers from each recognized Regional Organization; and
- d. Board members and their technical advisors.

17.2 The Chairs of the Public Interest Oversight Authorities shall be entitled to attend and participate in Council meetings, and to address the Council on public interest oversight-related matters. The members of the Public Interest Oversight Authorities may also attend Council meetings.

17.3 The Chair of the Forum of Firms ("**Forum**"), accompanied by the Chair of the Transnational Auditors Committee ("**TAC**") where appropriate, shall be entitled to attend and participate in Council meetings, and to report on the activities of the Forum and TAC.

Article 18 Voting Rights and Procedures at Council Meetings

18.1 A Delinquent Member may have its Designated Representative and technical advisor attend Council meetings, but the Designated Representative and technical advisor shall not participate in the discussions and deliberations and the Member shall not have a vote.

18.2 The method of voting at any Council meeting, unless specifically provided for in the Constitution or Bylaws, shall be determined by the Chair and announced to the Council following confirmation of the presence of a quorum.

18.3 The vote on any resolution proposed at a Special meeting of the Council shall include:

- a. Votes (including duly registered proxies) cast by Members physically present at such Special meeting; and
- b. in the case of an Electronic Meeting, votes (including duly registered proxies) cast by Members participating in such Special meeting by electronic means.

Article 19 Proxy Voting Requirements for Council Meetings

19.1 A Member may give a proxy to cast its vote at a Council meeting to:

- a. the Designated Representative of any Member entitled to vote, provided that no single Designated Representative may hold more than five proxies in respect of a single resolution being voted upon; or

- b. the Chair of the Council meeting, provided that the Chair may not hold, in respect of a single resolution being voted upon, proxies representing more than ten percent of the total number of Members in Good Standing; or
- c. the President, Chief Executive, or equivalent officer of the recognized Regional Organization of which the Member giving its proxy is a member, provided that no single Regional Organization may hold more than five proxies in respect of a single resolution being voted upon.

19.2 A proxy is valid if:

- a. completed in a form specified by IFAC; and
- b. the CEO received the proxy by an Appropriate Mode of Communication at least *twenty-four hours* prior to the scheduled start of the meeting. In extraordinary circumstances, the Chair shall have the discretion to present a late proxy to the Council, which may authorize its effectiveness by a simple majority vote.

SECTION VII: BOARD AND BOARD MEETINGS

Article 20 Composition of the Board

20.1 In filling Board seats in accordance with Article 17 of the Constitution, it is intended that the allocation be as follows:

- a. 10 seats allocated to representatives from the twelve highest contributing Members in Good Standing ("**Board Category A**");
- b. 6 seats allocated to representatives from the thirteenth to the twenty-fourth highest contributing Members in Good Standing ("**Board Category B**").
- c. 6 seats allocated to representatives from Members in Good Standing not among the twenty-four highest contributing Members in Good Standing ("**Board Category C**"); and
- d. 1 seat for the President.

20.2 In circumstances when the Nominating Committee considers it appropriate to apply some degree of flexibility, the allocation of Board seats in Article 20.1 (a)-(c) may be modified by one seat, provided the total number of Board members is not modified. The Nominating Committee shall report to the Board and the Council the reason(s) for its recommendation to deviate from the Board seat allocation.

20.3 To recognize his/her status as independent Chair, the President is excluded from the requirements with regard to Member representation and geographical representation set out below:

- a. There may not be more than two Board members from the same Member.
- b. There may not be more than two Board members from Members with headquarters in the same country.

20.4 In circumstances when the Nominating Committee considers it appropriate to apply some degree of flexibility, the geographical representation in Article 20.3 (b) may be increased by one, provided the total number of Board members is not modified. The Nominating Committee shall report to the Board and the Council the reason(s) for its recommendation to deviate from the geographical representation.

20.5 In determining the level of Member financial contributions for purposes of allocating Board seats:

- a. The Nominating Committee shall use the Member financial contributions approved by the Board for the year in which the final Call for Nominations is issued.
 - b. Aggregation of the financial contributions of two or more Members from a single country is permitted if requested at the date of submission of their nomination(s).
 - c. Aggregation of the financial contributions of two or more Members from different countries is not permitted, except with respect to those Members for which aggregation of their financial contributions was permitted prior to November 2003.
- 20.6 The aggregation of the financial contributions of Members from a single country as set forth in Article 20.4 (b)-(c) shall only be terminated for a valid reason. A request to terminate such aggregation shall be provided to the Nominating Committee at the date of submission of their nomination(s).
- 20.7 Each candidate nominated for election to the Board shall be a member or chief executive or equivalent officer of the nominating Member.

Article 21 Nominations Process and Election of Board Members

- 21.1 Board members shall be elected by the Council. The election of Board members is to be held annually at the Ordinary meeting of the Council. Individuals elected as Board members shall assume office at the conclusion of the Council meeting at which they are elected.
- 21.2 Members in Good Standing that wish to nominate candidates for election to the Board shall submit their nominations to the Nominating Committee as set forth in the final Call for Nominations.
- 21.3 The Council shall be provided with a list of candidates standing for election in each Board Category, an indication of the candidates recommended by the Nominating Committee, the curricula vitae of all candidates standing for election, and other supporting material to enable the Council to make an informed decision.
- 21.4 In the event that the number of candidates standing for election in any of the Board Categories exceeds the number of vacancies in that category, the election shall be conducted by a written ballot. The candidate(s) receiving the highest number of affirmative votes shall be deemed elected as member(s) of the Board. In the event of a tie for the final vacant seat in a category, there shall be a further ballot. In any situation where a tie between candidates cannot be decided by a further ballot, the candidate recommended by the Nominating Committee shall be elected or, in the case where neither candidate has been recommended by the Nominating Committee, the Chair of the meeting shall resolve the matter by exercising his/her Casting Vote.
- 21.5 A nominating Member shall sign and deliver a declaration to the CEO indicating that it will not exert undue influence, whether financial or otherwise, that might impair the Board member's ability to serve or act as Board member, with independence, integrity, and in the public interest. The declaration shall be delivered by an Appropriate Mode of Communication prior to the first meeting of the Board in the calendar year in which the Board member's term commences.
- 21.6 The employing organization, if any, of the President and of the Deputy President shall sign and deliver to the CEO a statement declaring that it will support the President or Deputy President by ensuring his/her ability to speak for the global accountancy profession and in the public interest rather than as a member of the employing organization. The employing organization shall also assure that it will not exert undue influence, whether financial or otherwise, that might impair the ability of the President or Deputy President to act independently, with integrity, and in the public interest. The declaration shall be delivered by an Appropriate Mode of Communication prior to the meeting of the Board when the

President or Deputy President first takes office and annually by the first meeting of the Board.

Article 22 Term and Term Limits for Board Members

- 22.1 Each Board member shall be appointed for a term of up to three years. The annual elections to the Board shall be held in such a way that each year the terms for approximately one-third of the Board members expire.
- 22.2 Continuous service on the Board by the same person shall be limited to a total of six years unless such person is elected as the Deputy President or President. Following the expiry of six consecutive years of service as a Board member, such individual shall be eligible to serve as a Board member for a further period of service after a lapse of two years, unless such person is elected as the Deputy President or President.
- 22.3 A Board member's term of office shall be terminated in the event of:
- a. incapacity, death, resignation, or removal; or
 - b. the nominating Member withdrawing their mandate for such Board member for good cause; or
 - c. voluntary departure or removal from membership of the nominating Member during the Board member's term of office.
- 22.4 The implications of a Significant Organizational Restructuring for a Board member's term of office are set forth in Article 11.

Article 23 Removal of Board Members

- 23.1 A Board member may be removed by the Council, upon recommendation of the Nominating Committee and as endorsed by the Board, during the Board member's term of office for non-performance, including non-attendance at meetings, or other good cause.

Article 24 Vacancy on the Board

- 24.1 In case of a vacancy occurring by reason of the events specified in Article 22.3:
- a. the Nominating Committee may appoint an individual to fill the vacancy until the next Council meeting;
 - b. The nominating Member may recommend to the Nominating Committee a substitute of its choice to fill the vacancy for the remainder of the year; and
 - c. the Council shall elect an individual to fill the vacancy at the next Council meeting through the normal election process.

Article 25 Authority of the Board

- 25.1 In addition to the powers of the Board specified in Article 19 of the Constitution, the Board shall have the power to:
- a. approve by a two-thirds majority vote the criteria and procedures (and any amendment to the criteria or procedures) for admission of Members, Associates, and Affiliates, including the SMOs;
 - b. approve by a two-thirds majority vote the criteria and procedures (and any amendment to the criteria or procedures) for recognition of Regional Organizations;

- c. receive an annual confirmation whether recognized Regional Organizations have met their obligations and, if a recognized Regional Organization has consistently failed to meet its obligations, approve by two-thirds majority vote withdrawal of the recognition of such Regional Organization;
- d. endorse the terms of reference for any independent Standard-Setting Board (“**SSB**”) established as set forth in Article 26 of the Constitution and, if applicable, for approval by the relevant Public Interest Oversight Authority;
- e. endorse the appointment of the chairs, members, and observers of any independent SSB established as set forth in Article 26 of the Constitution and, if applicable, for approval by the relevant Public Interest Oversight Authority;
- f. approve the terms of reference for the Board Subcommittees, and for the Compliance Advisory Panel (“**CAP**”), TAC, and each other Group established as set forth in Articles 27-29 of the Constitution;
- g. approve the appointment of the chairs, members, and observers of the Board Subcommittees, and for the CAP, TAC, and each other Group established as set forth in Articles 27-29 of the Constitution;
- h. approve by a two-thirds majority vote the allocation of financial contributions among Members for the following year; for Members not contributing at the minimum level, the allocation is determined in accordance with the basis of assessment of Member financial contributions approved by the Council as set forth in Article 12.2 (a) (iv) of the Constitution, and for Members contributing at the minimum level, the level of financial contribution is determined by the Board;
- i. approve by a two-thirds majority vote the Associate and Affiliate financial contributions for the following year;
- j. receive a confirmation whether an annual report on IFAC’s activities, including the audited financial statements and auditor’s report, has been distributed to the Members by an Appropriate Mode of Communications;
- k. approve the date and location of any World Congress of Accountants, and any changes to the frequency of such Congress;
- l. receive confirmation whether all the requirements with regard to Ordinary and Special meetings of the Council as set forth in the Constitution and Bylaws have been fulfilled;
- m. upon the recommendation of the TAC and with the prior approval of the Forum, approve:
 - i. amendments to the Constitution of the Forum;
 - ii. changes to the basis for the allocation of voting rights at annual and special meetings of the Forum; and
 - iii. changes to the basis for allocation of representatives on the TAC; and
- n. upon the recommendation of the Nominating Committee, and pursuant to the provisions of the Forum’s Constitution, approve the establishment of a panel for the purpose of considering and deciding appeals relating to the suspension or expulsion from membership of the Forum.

25.2 The Board shall recommend the following for approval by the Council:

- a. based on a two-thirds majority vote by the Board:

- i. the admission, extension of Suspension Period, and expulsion of Members and Associates;
 - ii. the Members to become Associates; and
 - iii. the Associates to become Members;
- b. the basis of the assessment of Member financial contributions;
 - c. the appointment of members of the Nominating Committee as set forth in Section IX of the Constitution and Bylaws, and subject to any approval by the relevant Public Interest Oversight Authority;
 - d. based on a two-thirds majority vote by the Board, the amendment or repeal of Bylaws or enactment of new Bylaws; and
 - e. amendments to the Constitution.
- 25.3 The Board shall present to the Council for information:
- a. a report on the activities of the Board;
 - b. a list of Affiliates admitted or expelled and Regional Organizations recognized or withdrawal of recognition by the Board since the last Ordinary meeting of the Council; and
 - c. a list of any amendments to the terms of reference of the Nominating Committee since the last Ordinary meeting of the Council. These amendments are subject to a two-thirds majority vote by the Board.
- 25.4 The Board shall endorse the recommendation of the Audit Committee for the appointment of the external auditor prior to its submission to Council for approval.

Article 26 Ordinary and Special Board Meetings

- 26.1 Ordinary meetings of the Board shall be held at such dates, times, and locations as the Board shall decide, provided that the Board shall hold at least two Ordinary meetings each calendar year.
- 26.2 Special meetings of the Board shall be called when the CEO receives a notice delivered by an Appropriate Mode of Communication and supported by at least four Board members, requesting that a Special meeting of the Board be convened and setting forth the purpose of the meeting.
- 26.3 Special meetings of the Board may be held by way of telephone conference, video conference, or other electronic means ("**Electronic Meeting**").
- 26.4 The date, time, and location (or details for participating in an Electronic Meeting) of the Special meeting shall be determined by the President. In case of a Special meeting that is not an Electronic Meeting, the meeting shall be held within *two months* of the date on which the CEO received the notice. In case of an Electronic Meeting, the meeting shall be held within *one month* of the date on which the CEO received the notice.

Article 27 Notice; Waiver of Notice

- 27.1 The CEO shall send by an Appropriate Mode of Communication a notice to each Board member containing the date, time, and location (or details for participating in an Electronic Meeting) of a Board meeting in accordance with the operating procedures of the Board.
- 27.2 Notice of a Board meeting may be waived by a Board member who submits a signed waiver of notice.

Article 28 Voting Rights and Procedures at Board Meetings

- 28.1 Each Board member, other than the Chair, shall have one vote.
- 28.2 The method of voting at any Board meeting shall be done by a show of hands, unless otherwise determined by the Chair and announced to the Board at any time following confirmation of the presence of a quorum.
- 28.3 The affirmative vote of a majority of the Board members present in person or by proxy at the Board meeting, excluding the Chair, shall be required to constitute the action of the Board, except for decisions of the Board requiring a vote of at least two-thirds of the Board members present in person or by proxy at the Board meeting, namely:
- a. approve the criteria and procedures (and any amendment to the criteria or procedures) for admission of Members, Associates, and Affiliates, including the SMOs;
 - b. the admission, extension of Suspension Period, and expulsion of Affiliates;
 - c. the recommendation to the Council for the admission, extension of Suspension Period, and expulsion of Members and Associates;
 - d. the recommendation to the Council for an Associate to become a Member;
 - e. the recommendation to the Council for a Member to become an Associate;
 - f. recognition and withdrawal of recognition of a Regional Organization;
 - g. approval of the plan for implementing the strategy approved by the Council as set forth in Article 12.2 (a) (v) of the Constitution, and the related budget for the following year, including the level of Members' financial contributions determined in accordance with the basis of assessment approved by the Council as set forth in Article 12.2 (a) (iv) of the Constitution, the minimum level of Member financial contribution, and the level of Associates' and Affiliates' financial contributions;
 - h. the facilitation of the establishment, maintenance, or dissolution of any independent SSB as set forth in Article 26 of the Constitution and, if the independent SSB is subject to public interest oversight as set forth in Article 25.1 of the Constitution, such facilitation shall be in consultation with the relevant Public Interest Oversight Authority;
 - i. in consultation with the relevant Public Interest Oversight Authority, the facilitation of the establishment, maintenance, or dissolution of the CAP as set forth in Article 27 of the Constitution;
 - j. the terms of reference (and any amendments to the terms of reference) of the Nominating Committee and the nominations process (and any amendments to the nominations process) as set forth in Section IX of the Constitution and Bylaws and, if applicable, subject to approval by the relevant Public Interest Oversight Authority; and
 - k. the amendment or repeal of the Bylaws or enactment of new Bylaws with immediate effect and until the next Ordinary meeting of the Council.

Article 29 Rights to Attend Board Meetings

- 29.1 Each Board member may be accompanied at Board meetings by one technical advisor who shall be appointed by the nominating Member and who shall be either a member or a staff member of the nominating Member or of another Member. Such technical advisor shall, at the discretion of his/her

accompanying Board member, be entitled to participate in the discussions and deliberations at the Board meetings, but shall not be entitled to vote.

- 29.2 A technical advisor shall, in the absence of his/her Board member, be entitled to attend and participate in the discussions and deliberations at the Board meeting, but shall not be entitled to vote.
- 29.3 The following are entitled to attend and participate in the discussions and deliberations at Board meetings as observers, but shall not be entitled to vote:
- a. Representatives of the recognized Regional Organizations.
 - b. The Chairs of the Public Interest Oversight Authorities; they shall also be entitled to address the Board meetings on any public interest oversight-related matters. In addition, the members of the Public Interest Oversight Authorities may attend Board meetings.
 - c. The Chair of the Forum and the Chair of the TAC, where appropriate.
 - d. The Chairs of the independent SSBs, CAP, and each other Group established as set forth in Articles 26-30 of the Constitution.
- 29.4 Representatives of the twelve highest contributing Members in Good Standing not otherwise represented as Board members in Category A are also entitled to attend Board meetings as observers. They are not entitled to vote, and their participation in the discussions and deliberations at Board meetings shall be at the discretion of the Chair of the Board.

Article 30 Proxy Voting Requirements for Board Meetings

- 30.1 In the event of any Board member being unable to attend a Board meeting, he/she shall have the right to grant a proxy to any other Board member to vote on his/her behalf, by providing a notice by an Appropriate Mode of Communication to the CEO at least twenty-four hours prior to the scheduled start of the meeting.
- 30.2 Any Board member, including the President, may not hold more than three proxies in respect of a single resolution being voted upon.

Article 31 Board Subcommittees

- 31.1 The Audit Committee's primary objectives shall be to monitor the integrity of the organization's financial reporting process and system of internal control regarding finance, accounting, and legal compliance; monitor the independence and performance of the external auditor; provide an avenue of communication among the external auditor, management, and the Board; and recommend the appointment of the external auditor to the Council after endorsement of such recommendation by the Board.
- 31.2 The Board, upon a recommendation of the Nominating Committee, shall determine the membership of Board Subcommittees.
- 31.3 Appendix A provides a list of current Board Subcommittees.

SECTION VIII: OTHER BOARDS, COMMITTEES, AND PANELS (“GROUPS”)¹

Article 32 Public Interest Oversight

The Constitution provides for public interest oversight of the independent SSBs, CAP, Nominating Committee, and any other Group identified by the Board and relevant Public Interest Oversight Authority. Appendix B provides a list of current independent SSBs maintained by IFAC, and references the relevant Public Interest Oversight Authority where applicable.

Article 33 Term and Term Limits for Group Members

- 33.1 A member of a Group shall be appointed for a term of up to three years.
- 33.2 The terms of members shall be established in such a way that each year they expire for approximately one-third of the members. The Nominating Committee may recommend a term shorter than three years to achieve this. Members with terms shorter than three years are eligible for additional terms not exceeding three years until they have reached the maximum terms set forth below.
- 33.3 To be recommended for re-appointment for an additional term:
- a. the member shall be re-nominated; and
 - b. the Nominating Committee shall review the member’s performance, including attendance at meetings, during the preceding term based on the performance evaluation system in place at that time.
- 33.4 A member may not serve for more than six consecutive years, unless he/she is appointed as Chair during or at the end of his/her term as member.
- 33.5 Following the expiry of six consecutive years as a member of a Group, such individual shall not be eligible to be a member of that Group unless two years have lapsed since he/she completed his/her previous terms as a member, or he/she is appointed as Chair, of that Group.
- 33.6 A Chair shall be appointed for a term of up to three years and, if a member is appointed as Chair during his/her term or at the end of his/her last term as member, he/she can serve for nine consecutive years.
- 33.7 Notwithstanding the above, the terms of the Chairs of the independent SSBs and the CAP may, in exceptional circumstances, be extended for up to three years, for an aggregated term as member and/or Chair not exceeding twelve years. The Nominating Committee shall determine the circumstances in which this exception may be applied.
- 33.8 A member’s term shall be terminated in the event of:
- a. the member’s incapacity, resignation, removal, or death;
 - b. the nominating organization withdrawing its mandate for such member for good cause; or
 - c. such member’s voluntary departure or removal from membership of the nominating organization or, in case of a member nominated by the Forum, from employment of the firm.
- 33.9 In case of a vacancy on a Group occurring by reason of the events specified in Article 33.8, the Nominating Committee has the authority to appoint a member to fill such vacancy for the remainder

¹ Excludes the Board and Nominating Committee

of the year. The nominating organization may recommend to the Nominating Committee a substitute of its choice to fill the vacancy for the remainder of the year.

Article 34 Removal of Group Members

A member of a Group may be removed by the Board and, if applicable, in consultation with the relevant Public Interest Oversight Authority, upon recommendation of the Nominating Committee, during the member's term of office, for non-performance, including non-attendance at meetings, or other good cause.

Article 35 Technical Advisors

35.1 Each member of a Group, unless otherwise specified in the terms of references of such a Group, may be accompanied at meetings by one technical advisor. The nominating organization is entitled to select and replace such technical advisor.

35.2 A technical advisor shall, at the discretion of their accompanying member, be entitled to participate in the discussions and deliberations at the meetings, but shall not be entitled to vote.

35.3 The technical advisor shall, in the absence from a meeting of the member that they advise, be entitled to attend and participate in the discussions and deliberations at that meeting, but shall not be entitled to vote.

Article 36 Declarations

36.1 Each member and technical advisor of each Group shall sign a statement declaring that he/she will not submit to undue influence, whether financial or otherwise, which might impair his/her ability to serve or act as member, with independence, integrity, and in the public interest. The declaration shall be delivered to the CEO by an Appropriate Mode of Communication annually prior to the first meeting of the Group in the calendar year.

36.2 The nominating organization shall sign a statement declaring that it will not exert undue influence, whether financial or otherwise, which might impair the member's ability to serve or act as a member of the Group, with independence, integrity, and in the public interest. In the case of a member nominated by the Forum, the declaration is signed by the firm employing the member. The declaration shall be delivered to the CEO by an Appropriate Mode of Communication prior to the first meeting of the Group in the calendar year in which the member's term commences.

36.3 The employing organizations, if any, of the Chairs of the independent SSBs and the CAP shall sign a statement declaring that it will support the Chair by ensuring his/her ability to speak for the global accountancy profession and in the public interest rather than as a member of the employing organization. The employing organization shall also assure that it will not exert undue influence, whether financial or otherwise, that might impair the ability of the Chair to act independently, with integrity, and in the public interest. The declaration shall be delivered to the CEO by an Appropriate Mode of Communication annually prior to the first meeting of the Group in the calendar year.

SECTION IX: NOMINATING COMMITTEE

Article 37 Nominating Committee

37.1 The Council shall approve the appointment of the members of the Nominating Committee, upon recommendation of the Board, and subject to approval of the appointment of any non-ex-officio members of the committee by the relevant Public Interest Oversight Authority.

- 37.2 The Board's recommendation to the Council shall be based on a recommendation of the Nominating Committee after the Nominating Committee has consulted with the Board throughout the nominations process.
- 37.3 The composition, terms, duties, powers, and operating procedures of the Nominating Committee shall be set forth in its terms of reference approved by the Board by a two-thirds majority vote and by the relevant Public Interest Oversight Authority. Any amendments to the terms of reference shall be approved by the Board by a two-thirds majority vote and by the relevant Public Interest Oversight Authority. The Board shall inform the Council of any amendments to the terms of reference since the last Ordinary meeting of the Council.
- 37.4 The nominations process,² and any amendments to the nominations process, shall be approved by the Board by a two-thirds majority vote. The nominations process for the Nominating Committee and the CAP, and any independent SSB and other Group under public interest oversight shall also be approved by the relevant Public Interest Oversight Authority.
- 37.5 The Nominating Committee shall have the right to request and receive such information from a nominating organization or self-nominee as it considers appropriate to enable it to carry out its duties.
- 37.6 A representative of the relevant Public Interest Oversight Authority shall be entitled to attend meetings or parts of meetings of the Nominating Committee devoted to the selection of nominees for membership of the Group under its public interest oversight, and shall be entitled to participate in the discussions and deliberations at the meeting but shall not be entitled to vote.
- 37.7 The Nominating Committee shall report to the Board, Council, and relevant Public Interest Oversight Authority at least annually regarding the nominations process and any significant issues that arose as part of that process.
- 37.8 All non-Board members of the Nominating Committee shall sign Declarations as set forth in Article 36.

SECTION X: OFFICERS

Article 38 Election of the President and Deputy President

- 38.1 The Nominating Committee shall be responsible for conducting the nominations process for the Deputy President and presenting two or more candidates to the Board. The Nominating Committee shall provide the Board with the curricula vitae of the candidates and other supporting material, and an indication of the Nominating Committee's preferred candidate. The Board shall endorse one candidate by a simple majority vote. The Nominating Committee shall recommend to the Council the candidate so endorsed by the Board.
- 38.2 The Nominating Committee shall provide the Council with a report on the nominations process for the Deputy President, the curricula vitae of the recommended candidate, and other supporting material, if any.
- 38.3 If the Council agrees with the Nominating Committee's recommendation, it shall approve the nomination of the Deputy President.

² Operational procedures to be followed by the Nominating Committee with regard to the selection of nominees for recommendation for membership of the Board, Nominating Committee, and other Groups.

- 38.4 Upon expiration of the President's term of office, the Nominating Committee, after consultation with the Board, shall recommend to the Council whether the Deputy President should become the President.
- 38.5 In the event the Nominating Committee recommends that the Deputy President should not become the President, the Nominating Committee, after consultation with the Board, shall recommend the appointment of a new Deputy President and a new President for approval by the Council.
- 38.6 In the event that the Council does not approve the Nominating Committee's recommendation set forth in Articles 38.3 and / or 38.4, the Council shall approve the appointment of a Deputy President and / or a President, as the case may be, at a Special meeting of the Council called by the Board as promptly as practical for the Nominating Committee to complete the nominations process and consultation with the Board.
- 38.7 In the event the Council does not approve the appointment of the Deputy President, the position of Deputy President shall remain vacant until the Council has approved the appointment of a Deputy President.
- 38.8 In the event the Council does not approve the Deputy President to become the President, the President – whose term was to end – shall remain the President and the position of Deputy President shall remain vacant until such time as the Council approves the appointment of a Deputy President and President.

Article 39 Removal of the President and Deputy President

- 39.1 The Nominating Committee, after consultation with the Board, may recommend to the Council, for approval at the Ordinary meeting of the Council, that the President or Deputy President be removed from office for non-performance or other good cause.
- 39.2 If the Nominating Committee, in consultation with the Board, determines that it is in the best interests of IFAC to remove the President or Deputy President from office immediately, the Board has the authority to remove the President or Deputy President from office by a two-thirds majority vote, subject to ratification at the next Ordinary meeting of the Council. Any vacancy occurring from such a removal will be filled in accordance with Article 40.

Article 40 Vacancies in the Office of President and Deputy President

- 40.1 **Vacancy in the office of President:** In the event of a vacancy in the office of President, the Deputy President shall assume the duties of President as Acting President until the next Board meeting, at which the Board shall either: (a) ratify the Deputy President as Acting President and appoint an individual, upon the recommendation of the Nominating Committee, to serve as Acting Deputy President, or (b) appoint another individual, upon the recommendation of the Nominating Committee, to serve as Acting President, in which event the then-Acting President shall resume his/her duties as Deputy President. The Acting President shall serve until the next Ordinary meeting of the Council.
- 40.2 At the next Ordinary meeting of the Council, a Deputy President and President shall be appointed as set forth in Article 38. If the Deputy President served as Acting President and the Council, upon a recommendation of the Nominating Committee, approves his/her appointment as President, he/she shall serve for a two-year term commencing at the Ordinary meeting of the Council.
- 40.3 **Vacancy in the office of Deputy President:** In the event of a vacancy in the office of Deputy President, the Board, upon a recommendation of the Nominating Committee, shall fill the vacancy at the next Ordinary meeting of the Board. The appointed individual shall serve as Acting Deputy

President until the next Ordinary meeting of the Council. At the next Ordinary meeting of the Council, the Council, upon a recommendation of the Nominating Committee, shall ratify the Board's appointment of the Acting Deputy President, in which event he/she shall serve as Deputy President for the remaining unexpired term of the previous Deputy President and, at the end of such term, succeed to the office of President, if the Council, upon a recommendation of the Nominating Committee, approves his/her appointment as President. In the event the Council does not ratify the Board's appointment of the Acting Deputy President, the position of Deputy President shall remain vacant until the Council has approved the appointment of a Deputy President.

- 40.4 **Vacancy in the office of President and Deputy President:** In the event of a vacancy of both the President and the Deputy President at the same time, the Board shall call a Special meeting of the Board at which the Board, upon a recommendation of the Nominating Committee, shall appoint an Acting President and an Acting Deputy President. At the next Ordinary meeting of the Council, a Deputy President and President shall be appointed as set forth in Article 38. If the President or Deputy President served as Acting President or Acting Deputy President and the Council, upon a recommendation of the Nominating Committee, approves his/her appointment as President or Deputy President, he/she shall serve for a two-year term commencing at the Ordinary meeting of the Council.

Article 41 Role of Immediate Past President

- 41.1 Except in circumstances where the office of President has been vacated pursuant to Article 39, the immediate past President shall, for the two-year period following the completion of his or her term as President:
- a. be entitled to attend Board and Council meetings and participate in the discussions and deliberations, but shall not be entitled to vote; and
 - b. have such other specific responsibilities as may be determined by the President.

Article 42 Appointment of the Chief Executive Officer

The CEO shall be appointed by the Board. The CEO shall be the Secretary to the Council and the Board.

SECTION XI: FINAL PROVISIONS

Article 43 Financial and Administrative Matters

- 43.1 Annual financial statements shall be prepared in accordance with International Public Sector Accounting Standards and an independent audit shall be conducted in accordance with International Standards on Auditing.
- 43.2 The financial year of IFAC shall end on December 31.
- 43.3 The administrative office of IFAC shall be in such location as may be determined by the Board.

Article 44 Policies

The Board shall have the authority to adopt, amend, or repeal Policies in support of the matters identified in the Constitution and these Bylaws.

Article 45 Amendment Process of the Bylaws and Policies

- 45.1 The Bylaws may be amended or repealed, or new Bylaws may be enacted by the Council, upon recommendation of the Board.

45.2 Appendices to these Bylaws do not form an integral part of the Bylaws. They can be amended by a simple majority vote of the Board.

Article 46 Interpretation

46.1 In the event of a dispute or question of interpretation concerning the true meaning, intent, or application of any provision of the Constitution or the Bylaws, such dispute or question shall be resolved as follows:

- a. in case of a dispute or question of interpretation regarding a provision of the Constitution, the Council, upon consultation with the Board, shall have the authority to conclusively resolve such matter;
- b. in case of a dispute or question of interpretation regarding a provision of the Bylaws, the Board shall have the authority to conclusively resolve such matter; and
- c. in the event that any dispute or question of interpretation arises under circumstances in which it is not practicable to wait until the next Ordinary meeting of the Council or the Board to resolve the issue, the President, upon consultation with the Deputy President and CEO, shall have the authority to conclusively resolve such matter. This resolution shall have effect until the next Ordinary meeting of the Council or the Board at which such resolution shall either be ratified or overturned by vote of the Council or the Board.

SECTION XII: DEFINITIONS

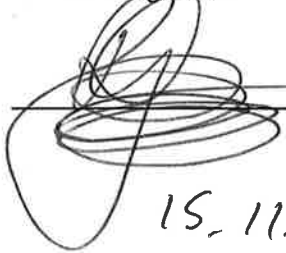
- **“Chief Executive Officer”**: him/herself, or his or her delegate
- **“Endorse”** means the Board expressed support for a recommendation to be submitted by a body (**“recommending body,”** e.g., the Audit Committee or Nominating Committee) for approval by another body (**“approving body,”** e.g., the Council or relevant Public Interest Oversight Authority). If the Board does not support a recommendation, the recommending body should consider the Board’s concern before submitting the recommendation to the approving body. If the recommending body does not amend the recommendation based on the Board’s concern, it should note the Board’s concern to the approving body.
- **“Member Compliance Program”**: Members and Associates are required to participate in the Member Compliance Program to demonstrate that they are maintaining their good standing and addressing the requirements of IFAC membership or association.
- **“Nominating Member”**: means a single Member, or a group of Members, that aggregated their financial contributions for the purpose of nominating candidates for Board membership.
- **“Present in person”**: in the case of an Electronic Meeting includes those Members participating in the meeting by electronic means.
- **“Regional Organizations”**: are independent bodies which share IFAC’s mission and values and which, in many cases, have Members in common with IFAC.
- **“Statements of Membership Obligations (SMOs)”**: The SMOs cover Members’ obligations to support the (a) adoption and implementation of international standards and other pronouncements issued by the International Auditing and Assurance Standards Board (IAASB), International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), International Public Sector Accounting Standards Board (IPSASB), and

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International Accounting Standards Board (IASB), as well as (b) the establishment of quality assurance and investigation and disciplinary systems.

- The Status of Members, Associates, or Affiliates, as the case may be, can be:
 - **"In Good Standing"**: Members, Associates, or Affiliates, as the case may be, that have not been suspended.
 - **"Delinquent"**: Members, Associates, or Affiliates, as the case may be, that have failed to pay their financial contributions in full prior to the date of the Ordinary meeting of the Council following the date on which such contributions have become due. A Delinquent Member, Associate, or Affiliate, as the case may be, is considered to be in Good Standing if they have not been suspended.
 - **"Suspended"**: means that, although not in Good Standing, such Member, Associate, or Affiliate, as the case may be, continues to retain its status as a Member, Associate, or Affiliate, as the case may be, but shall not be entitled to any of the entitlements (for example, voting rights).

Date and signature



15.11.17

Date and signature



15.11.17

APPENDICES TO THE BYLAWS OF IFAC

The Appendices do not form an integral part of the Bylaws. They can be amended by a simple majority decision of the Board.

Appendix A

Board Subcommittees

- **Audit Committee:** See Article 31.
- **Governance Committee:** The Board shall establish an advisory committee as a Board Group, which shall be referred to as the Governance Committee. The Governance Committee's primary objectives shall be to oversee the effectiveness of IFAC's governance and the development and implementation of sound governance policies and procedures.
- **Planning and Finance Committee:** The Board shall establish an advisory committee as a Board Group, which shall be referred to as the Planning and Finance Committee. The Planning and Finance Committee's primary objectives shall be to provide oversight of management's development, implementation, and monitoring of IFAC's strategies and operations.
- **Public Policy and Regulation Advisory Group:** The Board shall establish a Public Policy and Regulation Advisory Group to provide guidance, input, and expertise to the IFAC Public Policy and Regulation Department for its development of policy positions, research, projects, interactions with external organizations, and other initiatives as further specified in the terms of reference.
- **Regulatory Liaison Group:** The Board shall establish a Regulatory Liaison Group to work with the Monitoring Group and address issues relating to the accountancy profession, as a Board Group.

Appendix B

Independent Standard-Setting Boards (SSBs) and their Public Interest Oversight Authorities

Under oversight of the Public Interest Oversight Board (PIOB):

- International Accounting Education Standards Board (IAESB)
- International Auditing and Assurance Standards Board (IAASB)
- International Ethics Standards Board for Accountants (IESBA)

Under oversight of the Public Interest Committee (PIC):

- International Public Sector Accounting Standards Board (IPSASB)

Appendix C

Other Groups

- Compliance Advisory Panel (CAP)*
- Transnational Auditors Committee (TAC)
- Professional Accountancy Organization Development Committee (PAO Development Committee)
- Professional Accountants in Business Committee (PAIB Committee)
- Small and Medium Practices Committee (SMP Committee)

*CAP is under the oversight of the PIOB

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