

FORUM OF FIRMS OPERATING PROCEDURES

VALIDITY

1. These Operating Procedures were approved by the Members of the Forum of Firms on November 2, 2005 under Sections 18(b)(ii) and 38 (g)(iv) (now 19(b)(ii) and 40(g)(iv)) of the Forum's Constitution. They were amended on August 4, 2011 and October 20, 2015 and October 19, 2016. They may be amended only with the authority of the Members.

MEMBERSHIP AND OBLIGATIONS

Description of Members

2. Members shall be entitled to describe themselves as such in accordance with wording to be determined by the Forum.

Affiliates

3. Networks or Firms interested in becoming members may participate in the Forum as Affiliates during the period prior to their formal application. Affiliate status shall terminate upon the earlier of a) progression to membership or b) three years from the date of acceptance by the TAC as an Affiliate.
4. Affiliates may attend the Annual Meeting of the Forum and obtain the right of the floor with permission of the Chair, but will have no voting rights. Additionally, Affiliates will be included from time to time on relevant Forum correspondence and guidance. Affiliates will not be eligible to participate in the meetings of the TAC.
5. Affiliates will pay an annual subscription of one-half the amount of the subscription that would be payable if the Network was a member as determined under Section 63 of the Forum Constitution.
6. Affiliates must undertake not to publicize their association with the Forum or their affiliate status on their websites, publications and letterheads.

Observers

7. Networks or Firms interested in becoming members may attend Forum proceedings as an Observer.
8. Observer status should not normally be available for extended periods – instead it should be limited to short periods prior to prospective members applying for membership or Affiliate membership.

Register of Members

9. The Secretary of the Forum shall maintain a register of Members and Affiliates which shall be available for public inspection. The register shall list the names and addresses of all Members and Affiliates and such other information as shall be deemed appropriate by the TAC.

Electronic communication

10. In order to keep mailing costs to a minimum and to facilitate speed of communication, all Members and Affiliates shall be required to have e-mail facilities.
11. Electronic messaging shall be the medium for all notices under the Forum's Constitution and these Operating Procedures; such notices shall be deemed to constitute sufficient notice of all intimations and proceedings and shall be deemed to have been delivered on the date of electronic dispatch.

Competition Law Compliance

12. The TAC shall develop and maintain policies aimed at securing compliance by the Members with the competition laws and regulations relevant to the operations of the Forum, the TAC and their respective committees and task forces. A member of the TAC Staff will be the Compliance Officer responsible for communicating the policies to Members and for their evaluation at regular intervals.

Consultancy Work

13. Where any paid consultancy work is proposed to be undertaken by the FoF Secretary or FoF Legal Counsel for any existing FoF member or affiliate or any entity considering joining the FoF (whether as a member or affiliate), the nature and scale of such billable work shall be disclosed to the TAC. The nature of the work and any safeguards that it is proposed should be put in place will be considered by the TAC and the TAC's conclusion as to the acceptability of the proposed work shall be recorded in the minutes.

Reporting on Membership Obligations

14. Members agree to submit to the Secretary of the Forum an annual report, in a form approved by the TAC, indicating that it meets the Forum's membership obligations.
15. Networks and Firms not presently Members of the Forum may apply to become members by:
 - a) notifying the Secretary of the Forum that they comply with the criteria for eligibility applicable to Members under Section 5 of the Forum Constitution, and

- b) reporting to the Secretary of the Forum, in accordance with these Operating Procedures and other policies and processes established by the TAC, that it has met the Forum's membership obligations.

16. The annual report shall be submitted in the form determined by the TAC.

17. If a Member is unable to submit an annual report, the member shall notify the TAC of its inability to do so as soon as is reasonably practical prior to December 31 of the applicable year. From January 1 of the following year, the Member shall have 1 year to

- a) submit the prior year's annual report; or
- b) submit the current year's annual report.

Failure to perform either a) or b) will result in the immediate exclusion of the Member.

18. The notification of the TAC by a Member of its inability to submit an annual report under Section 6(f) above shall not be considered a notice of resignation under Section 7 of the Forum's Constitution.

ANNUAL AND SPECIAL MEETINGS

Nomination of Chair

19. All Members wishing to put forward a candidate for appointment as Chair of the Forum must file a letter of intent with the Secretary of the Forum at least one month in advance of an annual meeting of the Forum. Each Member shall state the name of the proposed individual and provide such information about him/her as the TAC may determine.

Voting

20. Each Member shall notify the Secretary to the Forum of the name of its representative or representatives no less than seven days prior to each annual or special meeting and, where two representatives will be present, shall indicate which representative will be voting on behalf of that Member; this period of notice shall not apply to the appointment of proxies under Section 24 of the Forum's Constitution.

21. A Member that is delinquent in paying its financial contribution shall be ineligible to vote. A Member shall be considered delinquent if it fails to pay its financial contribution within three months after such contribution has become due and payable.

TRANSNATIONAL AUDITORS COMMITTEE (TAC)

Representation

22. In nominating individuals to serve on the TAC, the members of the Forum shall have due regard to the need for each representative to show a strong commitment to the objectives of the Forum and to have an ability to meet the time commitment. While the nomination of TAC representatives shall not be based on geographic representation, the members of the Forum shall use their best judgment to seek a geographic balance.
23. All Members wishing to put forward a candidate for appointment as Chair of or as representative on the TAC must file a letter of intent with the Secretary of the Forum at least two months in advance of an annual meeting of the Forum. Each Member shall state the name of the proposed individual and provide such information as the IFAC Nominating Committee may determine.
24. The nomination process for TAC representatives from non-Founder Members shall be conducted by a ballot of non-Founder Members during an annual or special meeting of the Forum; the candidate or candidates receiving the highest number of votes shall be put forward , together with the candidate or candidates nominated by the Founder Members, to the IFAC Nominating Committee for consideration. The nomination process for the TAC Chair shall be conducted by a ballot of all Members; the candidate receiving the highest number of votes shall be put forward to the IFAC Nominating Committee for consideration. In the event of a tie for the Chair or for a seat on the TAC, there shall be a further ballot in accordance with the procedures set out above. Where a tie cannot be decided by a further ballot, the Chair of the Forum shall resolve the matter by exercising a casting vote.
25. The TAC shall seek out and consider input from representatives of regulators, regulatory organizations and other interested parties regarding issues relating to the TAC's responsibilities.

Sub-committees

26. The TAC may establish such sub-committees, task forces and other structures and relationships as may be appropriate for the effective discharge of its responsibilities.
27. The TAC shall establish such procedures as it considers appropriate to identify individuals qualified to act as Chair and members of sub-committees/task forces.
28. The Chairs of any TAC sub-committees and task forces shall report to the TAC annually or more often as required.

Independent Standard Setting Boards supported by IFAC

29. In nominating individuals to serve as members of the International Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants and the

International Accounting Education Standards Board, the TAC shall have regard to their commitment to IFAC's work, their technical competence, integrity and objectivity, and their ability to meet the required time commitment.

TAC Meeting Materials

30. TAC meeting materials should be made available to all Forum members in advance of TAC meetings with strong encouragement to non-TAC members to provide advance comments to the TAC Chair or TAC Staff on meeting materials should they feel it helpful to do so. The TAC Chair shall have the ability to withhold any TAC meeting materials. Where the TAC Chair decides that it is necessary to withhold any material it would normally be appropriate to indicate the nature of the material that is being withheld noting that it will be made available as soon as practicable (most likely with the relevant TAC minutes).

INCOMPATIBILITIES OF REPRESENTATION

31. To reflect the different roles of the Forum, the TAC, the IFAC Board and IFAC's Boards and Committees and the need to ensure that individuals are able to commit adequate time to their responsibilities certain roles should not be combined. For example, a TAC representative may not also be Chair of the Forum; a Board member on an independent standard setting board supported by IFAC may not also be TAC Chair; another IFAC Board or Committee Chair may not also be Chair of TAC, Chair of the Forum or Chair of a TAC sub-committee/task force. An IFAC Board member may not be a TAC representative, nor Chair of the Forum.

FINANCE

32. The TAC shall have authority to establish a minimum financial contribution by each Member to reflect the costs associated with meetings of the Forum and with the reporting and other costs which will not vary directly with the size of the Member.
33. The TAC shall have authority to determine when payments of financial contributions shall be made such that contributions are received to enable expenditures to be made as they fall due. Contributions will be payable by the Member within 30 days of the submission of billings.
33. In addition to the reporting to the IFAC Board required by Section 40 (k) of the Constitution, the TAC shall report at a meeting of the IFAC Board. As considered necessary, this report shall contain, for example, an outline of the proposals for policy and strategic initiatives, including proposed work plans for the next calendar year, together with an overall indication of their impact on total future costs and the annual allocation of financial contributions to Members. Having received this report, the IFAC Board may ask the TAC to draw certain matters to the attention of the Forum for its consideration when it is reviewing and approving the work plans and estimates of total costs for the following year.

SWISS LIAISON OFFICER ROLES AND RESPONSIBILITIES

Basic Role

34. The Swiss Liaison Officer is a TAC member responsible for overseeing the Swiss regulatory, legal and compliance aspects of the FoF's business. The Swiss Liaison Officer works with management, FoF legal counsel, and the TAC to advise on matters related to compliance with Swiss regulations, including non-compliance issues, tax-related issues, changes in regulations, etc.

General Responsibilities

35. The main responsibilities of the Swiss Liaison Officer shall be to work with management, FoF legal counsel, and TAC to provide the following:

- i. Liaise with Swiss legal Counsel, Swiss based service providers and, as the case may be, Swiss authorities.
- ii. Oversee and advise on matters related to the compliance with the Swiss law and regulations, notably related to tax, regulatory or compliance matters and accounting requirements.
- iii. Provide expertise on governance matters.
- iv. Advise on Swiss affairs of the FoF.
- v. Be proactive in identifying changes in regulations related to Swiss Vereins that may have an effect on the FoF's operations.
- vi. Any other tasks that may be requested by the pursuance of the FoF's mission, in particular as they relate to Swiss aspects.

Representation

36. The Swiss Liaison Officer shall have rights to attend and speak at TAC and FoF meetings, but shall not have the right to vote, unless attending a FoF meeting as designated voting representative for the FoF member represented.

37. The Swiss Liaison Officer shall:

have signatory rights and rights to represent the TAC at any events that may require the expertise represented; and accordingly be registered with the Swiss register of commerce.

Terms of Appointment

38. The Swiss Liaison Officer shall be appointed by the TAC for a two-year term and can be reappointed. The TAC in consultation with the FoF shall be responsible for finding an appropriate candidate.

Remuneration

39. The position of Swiss Liaison Officer shall be filled on a voluntary basis. Reimbursement of expenses associated with TAC business, including travel, will be subject to prior approval by the TAC Chair.