

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 19 (b)(iii) and 38 (g)(iv) of the Forum's Constitution. They may be amended only with the authority of the Members.

MEMBERSHIP AND OBLIGATIONS

Description of Members

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

Provisional Members

3. Provisional members must undertake not to publicize their association with the Forum or their provisional member status on their websites, publications and letterheads.

Affiliates

4. 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.
5. 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.
6. Affiliates will pay an annual subscription of one-half the amount of the lowest annual subscription as determined under Section 61 of the Forum Constitution.
7. Affiliates must undertake not to publicize their association with the Forum or their affiliate status on their websites, publications and letterheads.

Register of Members

8. The Secretary of the Forum shall maintain a register of Provisional Members, Full 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

9. 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.
10. 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

11. The TAC shall develop and maintain rules and guidelines aimed at securing compliance by the Members with the requirements of competition legislation 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 ensuring that the rules and guidelines are effectively communicated to Members and that they are evaluated at regular intervals to ensure they are delivering their objectives.

Reporting on Membership Obligations

12. Full 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.
13. Progression from provisional membership to full membership shall be effective upon notification from the Secretary of the Forum to the TAC that the Provisional Member has, in accordance with these Operating Procedures and other policies and processes established by the TAC, reported that it has met the Forum's membership obligations
14. A Provisional Member shall be excluded if it does not complete the reporting by December 31, 2007.
15. After December 1, 2005, 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 4 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 17 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 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 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 23 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. In nominating individuals to serve as members of the IAASB, the International Ethics Standards Board 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.
29. The Chairs of any TAC sub-committees and task forces shall report to the TAC annually or more often as required.

INCOMPATIBILITIES OF REPRESENTATION

30. To reflect the different roles of the Forum, the TAC, the IFAC Board and IFAC's 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 TAC nominated member on an IFAC committee may not also be TAC Chair; another IFAC 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

31. 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.
32. 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 38 (k) of the Constitution, the TAC shall report to the mid-year meeting of the IFAC Board. This report shall contain 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.