

New Zealand Institute of Chartered Accountants

**RULES OF THE NEW ZEALAND INSTITUTE OF CHARTERED ACCOUNTANTS
EFFECTIVE 26 JUNE 2017**

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Notice of legal status of the Rules:

The Rules of the New Zealand Institute of Chartered Accountants are made pursuant to the New Zealand Institute of Chartered Accountants Act 1996 (the **Act**). The Act specifies certain matters that the Rules must provide for, and also states that the Rules may contain any other provisions that are not inconsistent with this Act or any other Act or any rule of law.

The Act also states, in section 8, that the rules that relate to matters referred to in specified sections of the Act, as well as the code of ethics required by section 7 of the Act, are disallowable instruments, but not legislative instruments, for the purposes of the Legislation Act 2012.

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1. INTERPRETATION

Definitions

- 1.1 In these Rules (and the Appendices to these Rules), unless the context otherwise requires:

Act means the New Zealand Institute of Chartered Accountants Act 1996 as amended or substituted from time to time.

Amalgamation means the arrangement for the combining of the Institute with CAANZ and under which members of the Institute became members of CAANZ on the Effective Date.

Amalgamation Agreement means the amalgamation agreement entered into by and between CAANZ and the Institute to effect the Amalgamation.

Auditor Regulation Act has the meaning given to that term in Rule 10.1(c).

CAANZ means Chartered Accountants Australia and New Zealand (formerly called the Institute of Chartered Accountants in Australia) constituted under the Supplemental Royal Charter.

CAANZ Board means the board of CAANZ.

CAANZ By-Laws means the By-Laws of CAANZ as amended or replaced from time to time.

CAANZ Council means the Council of CAANZ.

Certificate of Public Practice means a certificate issued by the Institute to a member in accordance with these Rules.

Code of Ethics means the code of ethics that governs the professional conduct of members prescribed by the Council and in force immediately prior to the Effective Date as amended, revoked or replaced by the Regulatory Board.

Council means the Council of the Institute established under these Rules in accordance with the Act.

Effective Date means the date on which the Amalgamation Agreement becomes unconditional in all respects.

Financial Reporting Act means the Financial Reporting Act 1993 as amended or substituted from time to time.

Institute means the New Zealand Institute of Chartered Accountants constituted under the Act.

New Zealand Appendix means the New Zealand Appendix to the CAANZ By-Laws as amended or replaced from time to time.

New Zealand Regional Council has the meaning given to that term in the CAANZ By-Laws.

Regional Council has the meaning given to that term in the CAANZ By-Laws.

Register of Members means the register of members maintained in accordance with these Rules.

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Regulatory Board means the Executive Board of the Institute established under these Rules in accordance with the Act.

Commencement

1.2 These Rules take effect on the Effective Date.

2. FUNCTIONS

2.1 The functions of the Institute are:

- (a) to carry out the duty imposed under Rules 2.2 and 2.3;
- (b) to promote quality, expertise and integrity in the profession of accountancy by its members in New Zealand;
- (c) to promote the profession of accountancy by its members in New Zealand;
- (d) to promote the training, education, and examination of persons practising, or intending to practise, the profession of accountancy in New Zealand or elsewhere;
- (e) any other functions that are conferred on the Institute by these Rules, the Act or any other enactment; and
- (f) any other functions that are ancillary to the above functions.

2.2 The Institute must, with reasonable skill and care, control and regulate the profession of accountancy by its members in New Zealand.

2.3 The duty under Rule 2.2 includes:

- (a) maintaining, complying with, monitoring compliance with, and enforcing the Rules referred to in section 6(1)(f) to (ja) of the Act (which relate to the investigation and hearing of complaints and other matters, appeals, and disciplinary matters); and
- (b) maintaining, monitoring members' compliance with, and enforcing:
 - (i) professional and ethical standards, including the Code of Ethics; and
 - (ii) these Rules; and
- (c) monitoring members' compliance with the Auditor Regulation Act and other enactments that relate to the practice of accountancy; and
- (d) monitoring compliance with, and enforcing section 14 of the Act (which relates to improper use of terms implying membership of the Institute); and
- (e) complying with the Institute's duties:
 - (i) as an accredited body under the Auditor Regulation Act; and
 - (ii) that are imposed on the Institute (by name) under any other enactment.

2.4 The Institute must not delegate the duty under Rules 2.2 and 2.3 (in whole or in part) to any person.

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- 2.5 The Institute may delegate the functions specified in Rules 2.1(b), (c), (d), (e) and (f) (except to the extent that those functions relate to the duty in Rules 2.2 and 2.3), either generally or specifically, to any other person in accordance with the Act.
- 2.6 The Institute may enter into and carry into effect any arrangement (including the Amalgamation) for the joint-working of the Institute's functions and activities with the functions and activities of CAANZ including agreements relating to the funding of the activities of the Institute and to the transfer of all or any part of the assets and liabilities of the Institute to CAANZ provided that such arrangement permits the Institute to comply with its statutory duty to control and regulate the profession of accountancy by its members in New Zealand.

3. MEMBERSHIP

- 3.1 The Institute shall consist of all persons whose names are for the time being entered in the Register of Members as members of the Institute.
- 3.2 A person shall be eligible for membership of the Institute if the person:
- (a) is a member of CAANZ in any of the classes of membership prescribed by the CAANZ By-Laws from time to time; and
 - (b) resides in New Zealand; and
 - (c) satisfies any requirements (in respect of training, education, examinations or otherwise) for membership set out in these Rules or the New Zealand Appendix or as may be specified from time to time by the Regulatory Board; and
 - (d) subject to these Rules, has not had his or her name removed from the Register of Members by order of the Disciplinary Tribunal.
- 3.3 Subject to any limitations or restrictions imposed by or pursuant to these Rules, every application for membership of the Institute shall be determined by, or on behalf of, the Regulatory Board.
- 3.4 The Regulatory Board shall:
- (a) in the case of each person who was a member of the Institute immediately prior to the Effective Date, on that member becoming a member of CAANZ on the Effective Date on the terms and conditions set out in the Amalgamation Agreement, cause that member's name to remain entered in the Register of Members as a member of the Institute; and
 - (b) if it is satisfied that a person meets the membership requirements set out in Rule 3.2, cause the person's name to be entered in the Register of Members as a member of the Institute. On entry of that person's name in the Register of Members, that person becomes a member of the Institute.
- 3.5 A person:
- (a) who was a member of the Institute immediately prior to the Effective Date and who does not for any reason become a member of CAANZ; or
 - (b) who is a member of the Institute and who for any reason ceases to be a member of CAANZ,
- shall, unless the Regulatory Board otherwise determines, automatically cease to be a member of the Institute.

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- 3.6 The Regulatory Board shall have the power to dispense with, or vary, any of the membership requirements set out in Rule 3.2 if the Regulatory Board in its sole discretion considers that there are grounds to justify the dispensation or variation, and obtains the approval in writing of CAANZ.
- 3.7 Every member:
- (a) who, under the CAANZ By-Laws, is admitted as a member of CAANZ:
 - (i) in the class of membership known as “Chartered Accountant Fellow”; or
 - (ii) the class of membership known as “Chartered Accountant”,and who satisfies the relevant requirements relating to Chartered Accountants set out in the New Zealand Appendix or as may be specified by or on behalf of the Regulatory Board from time to time, shall be entitled to use:
 - (iii) if a Chartered Accountant Fellow, (in addition to the designation “Chartered Accountant” and the initials “CA”), the designation “Fellow Chartered Accountant” and the initials “FCA”; and
 - (iv) if a Chartered Accountant Fellow or a Chartered Accountant, the designation “Chartered Accountant” and the initials “CA”;
 - (b) who, under the CAANZ By-Laws, is admitted as a member of CAANZ in the class of membership known as Associate Chartered Accountant and who satisfies the relevant requirements relating to Associate Chartered Accountants set out in the New Zealand Appendix or as may be specified by or on behalf of the Regulatory Board from time to time, shall be entitled to use the designation “Associate Chartered Accountant” and the initials “ACA” and if a Fellow Associate Chartered Accountant immediately prior to the Effective Date, the designation “Fellow Associate Chartered Accountant” and the initials “FACA”; and
 - (c) who, under the CAANZ By-Laws, is admitted as a member of CAANZ in the class of membership known as Accounting Technician and who satisfies the relevant requirements relating to Accounting Technicians set out in the New Zealand Appendix or as may be specified by or on behalf of the Regulatory Board from time to time, shall be entitled to use the designation “Accounting Technician” and the initials “AT” and if a Fellow Accounting Technician immediately prior to the Effective Date, the designation “Fellow Accounting Technician” and the initials “AT” (Fellow).
- 3.8 Any member of the Institute who wishes to resign from membership of the Institute must make a request in writing to the Institute or to CAANZ. The member in making such a request must indicate whether or not he or she also wishes to resign from membership of CAANZ. The Institute shall:
- (a) within seven days from the date of receipt of the member's request, send the member a letter acknowledging receipt of the member's request and advise CAANZ of the member's request and whether or not the member also wishes to resign from membership of CAANZ; and
 - (b) within 35 days from the date of receipt of the member's request:
 - (i) accept the member's resignation and communicate that acceptance to the member and CAANZ; or

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- (ii) refuse to accept the member's resignation on any of the grounds set out in Rule 3.9 and communicate that refusal to the member; and

If CAANZ advises the Institute that a member has resigned from his membership of CAANZ, the Institute shall treat that member as having resigned from the Institute.

3.9 The Institute may refuse to accept the resignation of any member if:

- (a) the Institute reasonably believes that the member has been guilty of conduct that would justify the removal of his or her name from the Register of Members;
- (b) any matter concerning the member is before the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council for investigation or hearing (or the period for appeal to the Appeals Council under Rule 13.51 has not yet expired); or
- (c) the member has been given notice of or is undergoing a review under Rule 12 or pursuant to the Auditor Regulation Act.

3.10 If any member gives written notice to the Chief Executive Officer of CAANZ under the CAANZ By-Laws of his or her wish to suspend his or her membership of CAANZ and the CAANZ Board accepts that suspension, that member's membership of the Institute is also to be suspended. During the period of the member's suspension, the member shall have none of the privileges and rights of a member.

3.11 There shall be a final right of appeal to the subcommittee of the CAANZ Education Board from decisions made in respect of admissions and membership matters by the Regulatory Board.

4. REGISTER OF MEMBERS

4.1 The Institute (or any person on its behalf) shall maintain or procure that there be maintained a register of members that records (among other things):

- (a) the names of each member, and each former member of the Institute;
- (b) the date on which each member's name was entered in the register as a member of the Institute;
- (c) the date on which each former member's name was removed from the register as a member of the Institute and the reason for that removal;
- (d) the designation (if any) applicable to the member under Rule 3.7; and
- (e) all other information about each member or each former member contemplated by the Act, any other enactment, these Rules or the CAANZ By-Laws.

4.2 CAANZ may maintain a copy of the Register of Members as part of its register of members.

4.3 In the case of former members of the Institute, the Institute may, after a period of three years after the cessation of membership, delete the references to the former member from the Register of Members.

5. COUNCIL

5.1 The Institute must have a Council.

5.2 The functions of the Council are to:

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- (a) act as the Council of the Institute under the Act and as the New Zealand Regional Council of CAANZ;
 - (b) for so long as the Act requires there to be a President of the Institute elect the President of the Institute;
 - (c) carry out the functions of the New Zealand Regional Council under the CAANZ By-Laws; and
 - (d) carry out any other functions that are ancillary to the above functions or are conferred by these Rules, the Act, any other enactment, the CAANZ By-Laws or the Supplemental Royal Charter.
- 5.3 The Council shall have all the powers necessary or desirable for the discharge of its functions, provided that when the Council is acting as a Regional Council of CAANZ its powers shall be such as are conferred on it by the CAANZ By-Laws.
- 5.4 Subject to Rule 5.5, clauses 7 and 8 of the New Zealand Appendix are deemed to be incorporated herein and govern membership, election to membership, proceedings, the constitution of committees and remuneration of the Council.
- 5.5 The elected members of the Council representing New Zealand regions and holding office immediately prior to the Effective Date shall continue to hold office pending the first election of Councillors under the relevant provisions of the New Zealand Appendix. All other members of the Council holding office immediately prior to the Effective Date shall cease to hold office on the Effective Date.
- 6. **PRESIDENT**
- 6.1 At the Council's final meeting each calendar year the Council shall for so long as the Act requires there to be a President elect the President. Any member of the Institute who under Rule 3.7(a) is entitled to use the designation "Chartered Accountant" and who is resident in New Zealand may stand for the position of President. The President holding office immediately prior to the Effective Date shall continue to hold office pending the first election under this Rule. The procedure governing nominations for the office, the term of office, re-elections, and filling a casual vacancy in the office of the President shall for so long as the Act requires there to be a President be as determined by Council.
- 7. **REGULATORY BOARD**
- 7.1 The Institute must have an Executive Board which is to be known as the Regulatory Board.
- 7.2 Except to the extent that the Act or these Rules provide otherwise, the business and affairs of the Institute shall be managed by, and under the direction or supervision of, the Regulatory Board and for such purposes the Regulatory Board shall have all the powers necessary or desirable for managing, and for directing and supervising the management of, the business and affairs of the Institute.
- 7.3 Without derogating from the generality of Rule 7.2, the Regulatory Board shall:
 - (a) prescribe the Code of Ethics provided that the Code of Ethics prescribed by the Council that is in force immediately prior to the Effective Date shall continue in force until amended, revoked or replaced by the Regulatory Board;
 - (b) appoint, authorise delegations for, oversee and direct the permanent bodies specified in Appendix I; and
 - (c) carry out of any other functions or responsibilities that are conferred by the Act, any other enactment, these Rules or the CAANZ By-Laws,

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and may from time to time (in order to comply with section 6(1) of the Act) prescribe rules to be incorporated into a new Appendix to these Rules that provide for the recognition of members and, if the Regulatory Board so determines, other persons for the purposes of the Financial Reporting Act and for the cancellation and suspension of such recognition.

7.4 The Regulatory Board may, at any time and from time to time:

- (a) appoint any person under the common seal of the Institute to be the attorney of the Institute for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Regulatory Board under the Act, any other enactment, these Rules or the CAANZ By-Laws) and for such period and subject to such conditions as the Regulatory Board may from time to time think fit and the power of attorney may contain such provisions for the protection or convenience of persons dealing with the attorney as the Regulatory Board thinks fit;
- (b) delegate the performance of any of its powers and duties and may enter into agreements to appoint any person or persons in New Zealand or elsewhere to perform any part of the functions or activities carried on by the Institute which the Act and these Rules permit the Institute to delegate, with such powers and authority and on such terms and conditions as the Regulatory Board may think fit; and
- (c) enter into and carry into effect any arrangement (including the Amalgamation) for the joint-working of the Institute's functions and activities with the functions and activities of CAANZ including agreements relating to the funding of the activities of the Institute and to the transfer of all or any part of the assets and liabilities of the Institute to CAANZ on such terms and conditions as the Regulatory Board shall think fit.

7.5 A Regulatory Board member who is appointed by, or on behalf of, CAANZ, in accordance with these Rules, may when exercising powers or performing duties as a Regulatory Board member act in a manner that he or she believes is in the best interests of CAANZ (or its members) even though it may not be in the best interests of the Institute (or the Institute's members). This Rule does not permit a Regulatory Board member to act in a manner that may materially prejudice the Institute's ability to carry out the duty imposed under Rules 2.2 and 2.3.

7.6 Appendix II governs membership, appointment to membership, proceedings and remuneration of the Regulatory Board.

8. PERMANENT BODIES

Statutory Bodies

- 8.1 The Regulatory Board shall appoint at such times as it considers appropriate members to the Statutory Bodies specified in Appendix I.
- 8.2 The Regulatory Board may approve from time to time terms of reference (**Terms of Reference**) for each Statutory Body specified in Appendix I, which shall comply with requirements specified in Appendix I, and shall recognise and be consistent with any functions the Statutory Body has under these Rules and, in the case of a Statutory Body, the Act.
- 8.3 Subject to the relevant Terms of Reference, each Statutory Body shall regulate its own affairs and may delegate any of its functions or powers.

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Advisory Groups

- 8.4 The Regulatory Board shall establish and appoint (at such times it considers appropriate) members to the Advisory Groups specified in Appendix I to provide the Institute with guidance, advice, assistance or other input of a technical or other nature.
- 8.5 For each Advisory Group established under Rule 8.4, the Regulatory Board may approve from time to time terms of reference (**Terms of Reference**) which shall comply with the requirements specified in Appendix I, and shall recognise and be consistent with any functions the Advisory Group has under these Rules.
- 8.6 Subject to the relevant Terms of Reference, each Advisory Group shall regulate its own affairs and may delegate any of its functions.

9. SPECIAL GENERAL MEETINGS OF MEMBERS

- 9.1 The Regulatory Board or the Council may call a Special General Meeting of members of the Institute either of their own volition, or within 60 days of receiving a request that a Special General Meeting be called which:
- (a) states the object of the proposed meeting; and
 - (b) is signed by not less than 1% of the Institute's members.
- 9.2 Every member of the Institute (other than provisional members of CAANZ) shall be entitled to vote at any Special General Meeting.
- 9.3 Every Special General Meeting shall be conducted in accordance with the procedure set out in Appendix IV.
- 9.4 A resolution of members passed at a Special General Meeting does not become binding on the Institute, the Council and the Regulatory Board until it is countersigned as approved by the Chair of the CAANZ Board, and the Chair of the CAANZ Board may grant or withhold his or her approval as he or she thinks fit, and may in formulating his or her decision act in a manner that he or she believes is in the best interests of CAANZ (or its members) even though it may not be in the best interests of the Institute (or the Institute's members).
- 9.5 A Special General Meeting called under this Rule 9 is a meeting of the members of the Institute and is distinct from any ordinary or special general Regional meeting of CAANZ convened under the CAANZ By-Laws.

10. CERTIFICATE OF PUBLIC PRACTICE AND AUDITOR LICENCES

- 10.1 For the purposes of these Rules:
- (a) "Accounting services" shall be deemed to be services relating to any one or more of the following:
 - (i) the preparation of financial information;
 - (ii) assurance engagements;
 - (iii) taxation;
 - (iv) insolvency.
 - (b) "Offering accounting services to the public" shall include any conduct from which it may be reasonably inferred that the member is offering or providing accounting services to, or accepting assignments from, the New Zealand public.

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- (c) “Auditor Regulation Act” means the Auditor Regulation Act 2011, as amended or substituted from time to time, and (unless the context otherwise requires) includes all regulations and other notices, standards, conditions, or requirements promulgated under that Act (including by the Financial Markets Authority).
 - (d) “Issuer Audit” has the same meaning as in the Auditor Regulation Act.
- 10.2 Subject to Rules 10.3 and 10.8, every member who offers accounting services to the public in New Zealand must be entitled under these Rules to use the designation “Chartered Accountant” and hold a Certificate of Public Practice.
- 10.3
- (a) Notwithstanding Rule 10.2, the Regulatory Board may from time to time fix levels of fees which members may earn from offering accounting services to the public without being required to hold a Certificate of Public Practice.
 - (b) Notwithstanding Rule 10.3(a), assurance engagements shall only be conducted:
 - (i) by a member of the Institute who is entitled under these Rules to use the designation “Chartered Accountant”; or
 - (ii) in the case of assurance engagements pursuant to a statute, by a member of the Institute who is entitled under these Rules to use the designation “Chartered Accountant”, and who both holds a Certificate of Public Practice and also satisfies any applicable regulatory requirements set by the Regulatory Board from time to time; or
 - (iii) in the case of an Issuer Audit, in accordance with the Auditor Regulation Act.
 - (c) Notwithstanding Rule 10.2, but subject to Rule 10.3(b), the Regulatory Board may approve any member to provide nominated services to the public upon such terms and conditions as the Regulatory Board considers appropriate.
 - (d) Subject to these Rules and to any applicable regulatory requirement, for the purposes of section 19 of the Act, a member of the Institute who is entitled under these Rules to use the designation “Chartered Accountant” and who holds a Certificate of Public Practice shall be entitled to hold any office (including the office of auditor), perform any function, exercise any power or act in any particular capacity which an enactment provides is to be held, performed, exercised or acted in by a chartered accountant, a chartered accountant in private practice or a chartered accountant who holds a certificate of public practice.
- 10.4 A member of the Institute who is entitled under these Rules to use the designation “Chartered Accountant” who:
- (a) has been a member of the Institute or CAANZ for the preceding two years;
 - (b) is a fit and proper person to offer accounting services to the public;
 - (c) intends to offer accounting services to the public in New Zealand;
 - (d) has had two years’ acceptable practical experience while a member of the Institute or of CAANZ;
 - (e) has within the preceding two years attended a course for new practitioners approved by the Institute or CAANZ; and

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has satisfied any other requirements imposed by the Regulatory Board from time to time, shall be entitled to a Certificate of Public Practice issued by the Institute.

- 10.5 The Institute may vary or dispense with any of the requirements in Rule 10.4 if the Institute considers this would be in the interests of the Institute or the public, and the Institute may issue a Certificate of Public Practice to a member if the member satisfies the requirements of CAANZ relating to public practice and those requirements have previously been approved by the Regulatory Board as being equivalent to the New Zealand standards.
- 10.6 Any member may appeal to the sub-committee of the education board of CAANZ from a decision concerning that member made by the Institute or the Regulatory Board under Rules 10.4, 10.5, 10.8 and 10.11(a).
- 10.7 Any member who does not offer accounting services to the public may apply to the Institute for a Certificate of Public Practice.
- 10.8 The Institute may issue a Certificate of Public Practice requested under Rule 10.7 subject to any terms and conditions the Regulatory Board thinks fit.
- 10.9 The Regulatory Board may instruct the Institute to investigate and report on whether a member is offering accounting services to the public in circumstances which require the member to hold a Certificate of Public Practice.
- 10.10 Where required by the Regulatory Board or the Institute, a member shall produce any evidence specified to enable the Regulatory Board or the Institute (as applicable) to determine whether the member is offering accounting services to the public in circumstances which require the member to hold a Certificate of Public Practice.
- 10.11 Where the Regulatory Board determines that a member not holding a Certificate of Public Practice is offering accounting services to the public in circumstances which require the member to hold a Certificate of Public Practice, it may do either or both of the following:
 - (a) instruct the Institute to issue a Certificate of Public Practice;
 - (b) lodge a complaint with the Professional Conduct Committee.
- 10.12 A member who is the holder of a Certificate of Public Practice and who is offering accounting services to the public may use the initials "(PP)" after their designation.
- 10.13 Whenever any member ceases offering accounting services to the public in New Zealand:
 - (a) the member must advise the Institute that the member has ceased offering accounting services to the public; and
 - (b) the Regulatory Board may declare the member's Certificate of Public Practice to have lapsed and may require that the physical certificate issued to the member be returned to the Institute.
- 10.14 Any member who is involved in undertaking Issuer Audit work, or who is a partner, director, or employee of a firm involved in undertaking an Issuer Audit, must provide the Institute with any information requested by the Institute for the purpose of the Institute performing any functions or satisfying any obligations under the Auditor Regulation Act.

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11. PUBLIC PRACTICE RULES

Mode of Practice

- 11.1 A holder of a Certificate of Public Practice may practise using any name and practice entity provided the holder meet the requirements set out in Appendix V.

Practising with non-members

- 11.2 The Regulatory Board shall permit members to practise in a practice entity with non-members of the Institute provided they meet the requirements set out in Appendix V.

Transitional Provisions

11.3

- (a) A practice entity which complied with the Rules as they stood prior to their amendment on 30 October 2008 will be deemed to have the consent of the Regulatory Board as if the consent was granted pursuant to Rule 2.2(c) of Appendix V.
- (b) Any subsequent change to the structure of a practice entity to which Rule 11.3(a) related, whether relating to its ownership or control or otherwise, and any change to the composition of its principals, may only be effected if the practice entity will comply with the current Rules once the changes have been implemented, and the deemed consent of the Regulatory Board under Rule 11.3(a) will cease to apply, meaning the consent of the Regulatory Board is required if the practice entity is to continue offering accounting services to the public.

12. PRACTICE AND QUALITY REVIEWS

- 12.1 The Institute shall review the operation of a member's practice from time to time to ensure that professional standards are being maintained.
- 12.2 Where requested or arranged by the Financial Markets Authority under the Auditor Regulation Act, the Institute shall carry out a quality review to ensure a member's systems, policies, and procedures meet the standards required by that Act.
- 12.3 The Regulatory Board may from time to time set out the professional standards and the procedures in a manual of procedure to be followed by the Institute in carrying out its functions under Rule 12, including quality review functions under the Auditor Regulation Act.
- 12.4 The Institute may:
- (a) require the production of any document or other material in the member's possession or power which may be required for a review;
 - (b) interview any member and examine any document or other material or undertake any other form of enquiry which may be required for a review;
 - (c) subject to any applicable regulatory requirements, employ any person to undertake a review, on the Institute's behalf;
 - (d) charge the member a fee for the review of their practice; and
 - (e) seek guidance, advice or assistance from the Practice Review Advisory Group or the Auditor Regulation Advisory Group, constituted under Rule 8.4 as applicable on any matter relating to the performance of its functions under Rule 12.

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- 12.5 Where required by the Institute under Rule 12.4, a member shall produce documents or other material in the member's possession or power and shall co-operate in any interview.
- 12.6 On completion of a review, the Institute may do one or more of the following:
- (a) Determine that no further action is required.
 - (b) Determine that further action should be taken in accordance with the powers given, and the procedures set, by the Regulatory Board from time to time, or (where applicable) in accordance with its statutory powers as an accredited body under the Auditor Regulation Act or any arrangements agreed from time to time with the Financial Markets Authority in relation to quality reviews.
 - (c) Following consultation with the Practice Review Advisory Group or the Auditor Regulation Advisory Group, as applicable, lodge a complaint with the Professional Conduct Committee where it considers that a member (irrespective of whether that member is the person whose practice is under review) has failed to maintain professional standards or has breached the Act, these Rules, the Code of Ethics or the Auditor Regulation Act.
 - (d) Direct the member or the member's practice not to undertake specified assignments (such as audits or receiverships) except under the supervision of a member approved by the Institute and/or after having undertaken a period of training as specified by the Institute.
- 12.7 No person acting on behalf of the Institute in performing the Institute's functions under Rule 12 including its quality review functions pursuant to the Auditor Regulation Act, shall disclose any review report or information obtained from a member or a member's practice in the course of a review to any other person except:
- (a) to the Professional Conduct Committee if, as a result of a review, the Institute is of the opinion that a complaint should be lodged with the Committee in respect of any member;
 - (b) to the Professional Conduct Committee, where there has been a direction or an order to review the member's practice under Rules 13.13 or 13.40.
 - (c) to any Permanent Body of the Institute that requests information for the purpose of discharging its functions under these Rules;
 - (d) as may be required by a statute or as the Institute may consider necessary or desirable to avoid prejudice to the maintenance of the law, including assistance with the prevention, detection, investigation, prosecution, and punishment of offences under any statute, or the enforcement of a law imposing a pecuniary penalty;
 - (e) as may be required by a court;
 - (f) as may otherwise be permitted in accordance with the Institute's powers under Rule 12.6; or
 - (g) in relation to the performance of the Institute's quality review functions, to the Financial Markets Authority or as otherwise may be required pursuant to the Auditor Regulation Act.

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13. DISCIPLINE

Professional Conduct Committee

Lodging a Complaint

- 13.1 Any person may lodge a complaint with the Institute concerning a member, whether or not the conduct complained of relates to conduct occurring in New Zealand. Every complaint shall be:

- (a) in writing; and
- (b) supported by any statutory declaration or additional information the Professional Conduct Committee may require.

Initial Investigation and Decision

- 13.2 On receipt of a complaint, the Professional Conduct Committee shall refer it to the member concerned, unless the complaint:

- (a) is frivolous;
- (b) is vexatious;
- (c) is an abuse of process;
- (d) relates to historical issues that would no longer be practical to investigate;
- (e) is of an insufficient nature to warrant referral to the member; or
- (f) can be resolved by referral to an alternative forum and in all the circumstances it is reasonable for the complaint to be so resolved.

Where a complaint is referred to the member concerned, the Professional Conduct Committee shall require the member within 14 days or, in circumstances where the Professional Conduct Committee is satisfied that a response within that timeframe is not reasonably practicable, such longer period of time as the Professional Conduct Committee thinks fit, to respond in writing to all matters raised in the complaint and any other matters required by the Professional Conduct Committee.

- 13.3 The Professional Conduct Committee shall investigate the complaint and make a decision and adopt one or more of the following courses of action:

- (a) Decide that no further action be taken.
- (b) Require the member, subject to the agreement of the complainant within a period of time set by the Professional Conduct Committee, to submit any fee dispute to the Fees Resolution Service.
- (c) Caution the member, whether or not the member has breached the Act, these Rules or the Code of Ethics.
- (d) Set the matter down for final determination, and decide whether the Professional Conduct Committee requires the member to attend at the final determination.
- (e) Where the matter is not set down for final determination or referred to the Disciplinary Tribunal for hearing, order the member to pay costs to the complainant and/or the Institute of such amount (if any), as the Professional Conduct Committee thinks fit.

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- (f) Investigate and make a decision in regard to any other matter arising out of the complaint or the Professional Conduct Committee's investigation of the complaint.
- (g) Where the Professional Conduct Committee is satisfied on reasonable grounds that:
 - (i) the member has been convicted of an offence punishable by imprisonment or a fine; or
 - (ii) the member has been adjudicated bankrupt or has been admitted to the no asset procedure under the Insolvency Act 2006 or has made a composition with his or her creditors within three years of the matter being referred to the Professional Conduct Committee,

and that the matter is sufficient to warrant referral to the Disciplinary Tribunal, the Professional Conduct Committee may refer the matter directly to the Disciplinary Tribunal for a hearing without setting the matter down for a final determination or making a final determination.

13.4 For the purposes of any investigation, the Professional Conduct Committee may:

- (a) make, or employ any person to make, such inquiries as the Professional Conduct Committee considers necessary; and
- (b) require any member or former member of the Institute or the New Zealand Society of Accountants to whom the investigation relates to provide the Professional Conduct Committee or any person so employed within 14 days or such longer period of time as the Professional Conduct Committee thinks fit any documents, things or information that are in the possession or under the control of that member or former member and that relate to the subject matter of the investigation; and
- (c) take copies of any documents that are provided to the Professional Conduct Committee; and
- (d) require the member at the member's own cost to attend before the Professional Conduct Committee on at least 14 days notice to confer regarding the complaint; and
- (e) request the complainant at the complainant's own cost to attend before the Professional Conduct Committee on at least 14 days notice to confer regarding the complaint.

13.5 To avoid doubt, the powers of the Professional Conduct Committee under Rule 13.4:

- (a) may be exercised for the purpose of obtaining evidence to be placed before the Disciplinary Tribunal in respect of a complaint that has been referred to the Disciplinary Tribunal for hearing; and
- (b) may be exercised after a final determination has been made by the Professional Conduct Committee to refer a complaint against a member to the Disciplinary Tribunal for hearing.

Final Determination

13.6 If the Professional Conduct Committee decides that the complaint or any matter arising out of the complaint or the Professional Conduct Committee's investigation of the complaint be set down for final determination, it shall send a notice of the decision to the member concerned:

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- (a) setting out the reasons why the complaint has been set down for final determination; and
 - (b) advising (if the Professional Conduct Committee has so decided under Rule 13.3(d)) that the member is required to attend the final determination; or
 - (c) advising (if the Professional Conduct Committee has not decided to require the member to attend the final determination) that the member has 14 days to notify the Committee if the member wishes to attend and be heard at the final determination.
- 13.7 In making a final determination in respect of a complaint, the Professional Conduct Committee shall adopt one or more of the following courses of action:
- (a) Determine that no further action should be taken.
 - (b) Require the member, subject to the agreement of the complainant, within a period of time set by the Professional Conduct Committee, to submit any fee dispute to the Fees Resolution Service.
 - (c) Caution the member, whether or not the member has breached the Act, these Rules or the Code of Ethics.
 - (d) When a complaint would otherwise warrant being referred to the Disciplinary Tribunal, make (with the written agreement of the member given in accordance with Rule 13.8) one or more of the following orders which shall be entered on the member's record:
 - (i) the member shall waive the whole or part of any fee agreed to or invoiced;
 - (ii) the member shall return the whole or part of any fee already paid;
 - (iii) another member shall be appointed to undertake or complete work that the member had been engaged to perform;
 - (iv) the member shall be reprimanded;
 - (v) the member shall be severely reprimanded;
 - (vi) the member shall pay to the Institute a sum as may be determined;
 - (vii) the member shall pay costs to the complainant and/or the Institute;
 - (viii) the member shall complete any professional development course or the member shall engage an adviser or tutor at the member's own expense.
- However, no orders shall be made under this Rule where, in the view of the Professional Conduct Committee, the complaint involves:
- (ix) a dispute that should be resolved with the benefit of evidence given on oath or with evidence from independent experts retained by both parties; or
 - (x) matters of high public interest or significance to the accounting profession as a whole.
- (e) Refer the matter to the Disciplinary Tribunal for hearing.

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- (f) Where the matter has not been referred to the Disciplinary Tribunal for hearing, order the member to pay costs to the complainant and/or the Institute of such amount (if any), as the Professional Conduct Committee thinks fit (which amount may include part or all of the costs to the complainant of attending before the Professional Conduct Committee pursuant to Rule 13.4).

13.8 Where the Professional Conduct Committee considers that it is appropriate to make an order under Rule 13.7(d), the Committee shall give a written notice to the member setting out:

- (a) the order which the Professional Conduct Committee proposes to make;
- (b) whether the Professional Conduct Committee proposes to direct that the making of the order be published under Rule 13.9; and
- (c) the period within which the member must advise the Committee in writing whether or not the member agrees to the making of the order, which must not be less than 14 days.

If the Professional Conduct Committee receives advice in writing from the member within the period specified in the notice that the member agrees to the making of the order, the order shall be treated as having been made by the Professional Conduct Committee. If the member advises the Professional Conduct Committee in writing within the period specified in the notice that the member does not agree to the making of the order, or if the period specified in the notice expires without the Professional Conduct Committee receiving written advice from the member that the member agrees to the making of the order, the Professional Conduct Committee shall be treated as having decided to refer the matter to the Disciplinary Tribunal for hearing under Rule 13.7(e).

13.9 Where the Professional Conduct Committee makes an order under Rule 13.7(d), it may advise CAANZ of its decision and if it considers that it is in the public interest to do so direct that a notice be published of its decision and of the orders made, in such form as the Professional Conduct Committee considers appropriate:

- (a) in the Institute's and/or CAANZ's official publication and on the Institute's and/or CAANZ's website; and
- (b) in any other manner that it may in its discretion direct.

13.10 Written notice of every final determination shall be given to the complainant and to the member concerned within 21 days after the Professional Conduct Committee's final determination. Where the Professional Conduct Committee decides not to refer the matter to the Disciplinary Tribunal for hearing under Rule 13.7(e), the notice must include a summary of the reasons for that decision.

General

13.11 Where the Professional Conduct Committee finds that the member concerned:

- (a) has failed within the time specified in Rule 13.2 or Rule 13.6(c) to respond in writing to all matters raised;
- (b) has failed, within the time specified in Rule 13.4(b) or such longer period of time as the Professional Conduct Committee thinks fit, to provide any documents, things or information required by Rule 13.4(b);
- (c) has failed to attend before the Professional Conduct Committee, having been required to do so under Rule 13.4(d); or

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- (d) has failed to attend at the final determination, having been required to do so under Rule 13.3(d),

the Professional Conduct Committee may, without giving further notice to the member:

- (e) refer the matter to the Disciplinary Tribunal without making a final determination; or
- (f) make a final determination.

13.12 Before making a final determination in respect of a complaint, the Professional Conduct Committee may explore with the complainant and the member the possibility of the complaint being referred to conciliation, mediation, arbitration or other dispute resolution process and referring it accordingly if the parties agree. Where any complaint is referred to conciliation or mediation under this Rule and the parties fail to resolve the dispute within 60 days of such reference, or other such time period as specified by the Professional Conduct Committee, the Professional Conduct Committee shall make a final determination.

13.13 Where the Professional Conduct Committee adopts one of the courses of action specified in Rule 13.3 or 13.7 it may also direct the Institute to conduct specified periodic reviews of the member's practice, and to report its findings directly to the Professional Conduct Committee.

13.14 At any time after receipt of a complaint, the Professional Conduct Committee may apply to the Disciplinary Tribunal for an order that the member concerned be suspended from the membership of the Institute until further order of the Disciplinary Tribunal.

13.15 The Professional Conduct Committee:

- (a) may at any time review and reconsider a decision which it has made under Rule 13.3 or Rule 13.7 where new information has been obtained by the Professional Conduct Committee after the date of the decision which the Professional Conduct Committee considers would have been material to its decision; and
- (b) must review and reconsider a decision made by it under Rule 13.3 or Rule 13.7, if directed to do so by the Reviewer of Complaints. In doing so, the Professional Conduct Committee must have regard to any recommendations made by the Reviewer of Complaints.

13.16 Subject to these Rules, the Professional Conduct Committee shall regulate its procedures as it thinks fit.

Reviewer of Complaints

13.17 The Regulatory Board shall appoint one or more Reviewers of Complaints. A Reviewer of Complaints must not be a member of the Institute.

13.18 Any person may make a written complaint to the Institute concerning a decision made by the Professional Conduct Committee:

- (a) that a complaint falls within one of the grounds under Rule 13.2 for not referring the complaint to the member concerned;
- (b) to adopt, in respect of a complaint, any of the courses of action set out in Rule 13.3(a), (b) and (c); or
- (c) to make a final determination in respect of a complaint adopting any of the courses of action set out in Rule 13.7(a), (b), (c), (d) and (f).

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The complaint must be received by the Institute within three calendar months after the date of notification of the decision by the Professional Conduct Committee.

13.19 The Institute shall refer every complaint received under Rule 13.18 to a Reviewer of Complaints. The function of the Reviewer of Complaints shall be to review every such complaint and to consider whether:

- (a) the procedure followed by the Professional Conduct Committee in making its decision was in all the circumstances appropriate; and
- (b) the decision made by the Professional Conduct Committee was one which could reasonably have been made by the Professional Conduct Committee, taking into account all the material which was before the Professional Conduct Committee.

13.20 The Reviewer of Complaints need not proceed to review a decision in respect of which a complaint has been made under Rule 13.18 if the Reviewer considers that the complaint is frivolous or vexatious. The Reviewer must give notice to the complainant of a decision not to proceed with a review on these grounds, including a summary of the reasons for the Reviewer's decision.

13.21 In reviewing a decision of the Professional Conduct Committee, the Reviewer of Complaints may:

- (a) interview the complainant, the member concerned, any member of the Professional Conduct Committee, or any person employed by the Professional Conduct Committee in the course of the investigation; and
- (b) examine the Professional Conduct Committee's file and any other documents or other material held by the Institute concerning the original complaint.

13.22 The Reviewer of Complaints:

- (a) must report to the complainant, the member, the Professional Conduct Committee and to the Institute on the matters the Reviewer is required to consider under Rule 13.19;
- (b) may, if the Reviewer considers that it is appropriate to do so, direct the Professional Conduct Committee to review and reconsider its decision. The Reviewer may make such recommendations with respect to the procedure to be followed by the Professional Conduct Committee, or its consideration of the matter (having regard to Rule 13.19(b)), as the Reviewer considers appropriate;
- (c) may make recommendations with regard to procedure to the Regulatory Board, where the Reviewer considers this to be appropriate; and
- (d) may award costs against the Professional Conduct Committee in favour of the complainant, where the Reviewer considers this to be appropriate.

13.23 The Reviewer of Complaints shall report annually to the Regulatory Board.

13.24 The remuneration of the Reviewer of Complaints shall be fixed annually by the Regulatory Board.

Disciplinary Tribunal

13.25 Where a complaint has been lodged with the Professional Conduct Committee and the Disciplinary Tribunal is satisfied that it is necessary or desirable to do so having regard to the interests of the public or to the financial interest of any person, the Disciplinary Tribunal may make an order:

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- (a) suspending the member from membership of the Institute until further order of the Disciplinary Tribunal; and
 - (b) directing that after 14 days has elapsed, notice of the suspension be published in any publication that the Disciplinary Tribunal thinks fit.
- 13.26 A member who is suspended under Rule 13.25 may apply to the Disciplinary Tribunal for revocation of the suspension order or the order directing publication.
- 13.27 Within 14 days of receiving notice of any refusal of the Disciplinary Tribunal to revoke a suspension order or an order directing publication under Rule 13.26, a member may appeal against the refusal in writing stating the grounds of appeal to the Appeals Council.
- 13.28 Where a member who has been suspended under Rule 13.25 applies to the Disciplinary Tribunal under Rule 13.26 or appeals to the Appeals Council under Rule 13.27 publication of the notice of the suspension shall be delayed until the application or appeal has been determined.
- 13.29 Where the Professional Conduct Committee refers any matter to the Disciplinary Tribunal for hearing:
 - (a) the Professional Conduct Committee must give written notice to the Disciplinary Tribunal of the charges against the member;
 - (b) the Tribunal must give the member, not less than 35 days prior to the hearing before the Tribunal, notice of the date of the hearing and of the charges against the member;
 - (c) the Professional Conduct Committee must give the member, not less than 28 days prior to the hearing before the Tribunal, a bundle of evidence to be presented by the Professional Conduct Committee at the hearing including:
 - (i) copies of any briefs of evidence and/or a summary of any oral evidence that the Professional Conduct Committee proposes to place before the Tribunal; and
 - (ii) copies of all documents that the Professional Conduct Committee intends to place before the Tribunal as evidence at the hearing;
 - (d) the member must, not less than seven days before the date of the hearing, give written notice to the Tribunal of:
 - (i) which charges (if any) are admitted, and which are disputed;
 - (ii) whether the member intends to attend the hearing;
 - (iii) whether the member intends to be represented by a lawyer or by some other representative at the hearing and, if so, the name and contact details of the representative; and
 - (iv) whether the member intends to call any evidence at the hearing, and if so, the names of the witnesses.
- 13.30 The Chair of the Disciplinary Tribunal may, of the Chair's own motion or on the application of the Professional Conduct Committee or the member, give such further directions as the Chair thinks fit in respect of the exchange of evidence or submissions in advance of a hearing. For example, the Chair may direct that one or both parties must provide written briefs of all evidence to be given at the hearing, or that one or both parties must provide written submissions in advance of the hearing, or that the time

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frames in Rule 13.29 be extended. No direction under this Rule may reduce the periods of notice provided for in Rule 13.29(b) or (c).

13.31 The Professional Conduct Committee may amend the charges against a member by giving written notice of the amended charges to the Disciplinary Tribunal and to the member:

- (a) not less than 30 days prior to the date of the hearing of the charges before the Disciplinary Tribunal; or
- (b) at any other time, with the consent of the member or with the leave of the Disciplinary Tribunal. Where the Disciplinary Tribunal grants leave under this paragraph, it may adjourn the hearing and may give such directions as it thinks fit under Rule 13.30.

13.32 If the Professional Conduct Committee seeks to present evidence at a hearing before the Tribunal, notice of which has not been given in accordance with Rule 13.29(c) or in accordance with any direction given under Rule 13.30, that evidence may only be presented:

- (a) with the consent of the member; or
- (b) with the leave of the Disciplinary Tribunal. The Disciplinary Tribunal may grant leave only if it is satisfied that doing so will not materially prejudice the member, and it is in the interests of justice to do so. The Disciplinary Tribunal may, as a condition of granting leave:
 - (i) adjourn the hearing to enable the member to consider and respond to the evidence in respect of which leave is sought; and
 - (ii) make such order as it thinks fit with respect to any costs and expenses of the member or of the Disciplinary Tribunal that are wasted as a result of the adjournment.

13.33 If a member fails to comply with Rule 13.29(d):

- (a) that failure does not prevent the member from disputing any charges, attending the hearing, being represented at the hearing, or calling any evidence at the hearing; and
- (b) the Disciplinary Tribunal may at the request of the Professional Conduct Committee adjourn the hearing, and may make such order as it thinks fit with respect to any costs and expenses of the Professional Conduct Committee or of the Disciplinary Tribunal that are wasted as a result of the adjournment.

13.34 On receiving notice under Rule 13.29, the member shall immediately return his or her membership certificate and Certificate of Public Practice (if any) or prove their loss.

13.35 Subject to these Rules, the Disciplinary Tribunal shall regulate its procedure as it thinks fit.

13.36 The Disciplinary Tribunal may appoint a legal assessor, who may be present at the hearing and may at any time advise the Tribunal on matters of law, procedure, and evidence.

13.37 At every hearing before the Disciplinary Tribunal the Professional Conduct Committee shall be responsible for the presentation of the case against the member concerned.

13.38 The Disciplinary Tribunal may:

- (a) permit:

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- (i) a person to give evidence under oath administered by the Chair of the Tribunal;
 - (ii) a person appearing as a witness before it to give evidence by tendering a written statement and verifying that statement by oath administered by the Chair of the Tribunal;
 - (b) receive as evidence any statement, document, thing or information whether or not it would be admissible in a Court;
 - (c) inspect and examine any documents, thing and information;
 - (d) require that copies of any such documents or information be provided to any person appearing at the hearing; and
 - (e) impose any terms and conditions in respect of the provision of copies of any document or information to a person appearing at the hearing and the use that may be made of them.
- 13.39 The Disciplinary Tribunal may, after conducting a hearing, exercise one or more of the disciplinary powers set out in Rule 13.40 if the Disciplinary Tribunal finds:
- (a) The member has been convicted of an offence punishable by imprisonment or a fine, and is of the opinion that the conviction reflects on the member's fitness to practise accountancy and/or tends to bring the profession into disrepute.
 - (b) The member is guilty of misconduct in a professional capacity.
 - (c) The member is guilty of conduct unbecoming an accountant.
 - (d) The member is guilty of negligence or incompetence in a professional capacity, and that this has been of such a degree or so frequent as to reflect on the member's fitness to practice as an accountant or tends to bring the profession into disrepute.
 - (e) The member has been adjudicated bankrupt or has been admitted to the no asset procedure under the Insolvency Act 2006 or made a composition with their creditors within three years of the matter being referred to the Disciplinary Tribunal.
 - (f) The member has breached any of these Rules or the Institute's Code of Ethics.
 - (g) The member, being a Chartered Accountant in Public Practice, has engaged in any other business which is inconsistent with the integrity of a Chartered Accountant in Public Practice.
 - (h) The member at any time has supplied any information to the Institute which is false or misleading.
 - (i) The member has failed at any time to respond promptly to communications from the Institute to that member or to persons or entities controlled by that member whether alone or in conjunction with others, or to persons or entities employing that member.
 - (j) The member has failed to pay any sum due to the Institute by the date specified for payment.
 - (k) The member has failed to comply with any order made by the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council.

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- (l) The member has failed to comply with any undertaking given to the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council.
- (m) The member has failed to comply with any requirement of the Auditor Regulation Act.

13.40 Where the Disciplinary Tribunal finds a member guilty of a charge it may exercise one or more of the following powers:

- (a) Remove the member's name from the Register of Members and advise CAANZ promptly of that removal.
- (b) Suspend the member from membership of the Institute for any period not exceeding five years.
- (c) Impose a monetary penalty on the member not exceeding \$20,000.
- (d) Cancel or suspend any Certificate of Public Practice held by the member.
- (e) Order the investigation of the member's practice by the Professional Conduct Committee.
- (f) Order regular reviews of the member's practice by the Institute who shall report its findings to the Professional Conduct Committee.
- (g) Order the member to complete any professional development course or that they engage an adviser or tutor, at the member's own expense.
- (h) Appoint another member to undertake or complete work that the member has been engaged to perform.
- (i) Order the member to waive the whole or part of any fee agreed to or invoiced.
- (j) Order the member to return the whole or part of any fee already paid.
- (k) Censure the member.
- (l) Order that the member be prohibited from practising in partnership with a non-member.
- (m) Order the member to pay to the complainant such amount as the Disciplinary Tribunal thinks fit in respect of any costs or expenses incurred by the complainant in relation to the complaint or the matters which gave rise to it.
- (n) Order the member or the member's practice not to undertake specified assignments (without limitation, including assignments such as audits, receiverships, Issuer Audits, or particular types of Issuer Audit) for a specified period.
- (o) Without limiting the Institute's ability to exercise its powers in this regard of its own volition, act under sections 20 or 21 of the Auditor Regulation Act including order that any licence issued by the Institute pursuant to its powers under the Auditor Regulation Act be varied, suspended for any period, or cancelled.

13.41 Where the Disciplinary Tribunal orders an investigation of a member's practice by the Professional Conduct Committee under Rule 13.40(e), the investigation shall be conducted as if a complaint has been lodged.

13.42 The Disciplinary Tribunal may make such order as it thinks fit as to the payment of the costs and expenses of:

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- (a) the investigation and prosecution by the Professional Conduct Committee;
 - (b) the Disciplinary Tribunal's hearing;
 - (c) the consideration of any application to the Disciplinary Tribunal under Rules 13.26, 13.48 and 13.66; and
 - (d) the publication of the Disciplinary Tribunal's decision.
- 13.43 Written notice of every decision of the Disciplinary Tribunal, including a summary of the reasons for the decision and any penalty imposed, shall be given to:
 - (a) the member, the Professional Conduct Committee and to the Regulatory Board within 14 days of the Disciplinary Tribunal's decision; and
 - (b) the complainant within 14 days of receipt by the Professional Conduct Committee under Rule 13.43(a).
- 13.44 Where the Disciplinary Tribunal finds a member guilty of a charge:
 - (a) unless the Tribunal directs otherwise, notice of the Tribunal's decision including the member's name, address, the particulars of the charge and a summary of the reasons for the decision and any penalty imposed shall be published in the Institute's official publication or, if the Institute ceases to have an official publication, in CAANZ's official publication and on the Institute's website or, if the Institute ceases to have an official website, on CAANZ's website; and
 - (b) the Tribunal may in its discretion order:
 - (i) the publication of notice of its decision in such form as it considers appropriate in any other publication which it directs;
 - (ii) the circulation of notice of its decision in such form as it considers appropriate to the clients, former clients, employer and/or former employer of that member; and/or
 - (iii) a general media release in relation to its decision in such form as it considers appropriate.
- 13.45 Where the Disciplinary Tribunal finds a member not guilty of a charge the Tribunal may direct publication of its decision as it thinks fit.
- 13.46 A person who has been suspended from membership of the Institute shall remain subject to the disciplinary processes in Rules 13.1 to 13.65 as if that person were still a member.
- 13.47 While a member remains entitled to appeal against a decision of the Disciplinary Tribunal in accordance with Rule 13.51 or while an appeal by a member awaits a determination by the Appeals Council:
 - (a) a decision of the Disciplinary Tribunal under Rule 13.40 shall not take effect; and
 - (b) Rules 13.44, 13.45 and 13.62 as to publication of the Disciplinary Tribunal's decision shall take effect, but any such publication shall include a statement that the decision of the Disciplinary Tribunal under Rule does not take effect pending the determination of any appeal by the member.
- 13.48 Where a member's name has been removed from the Register of Members by order of the Disciplinary Tribunal or any predecessor disciplinary body established under any enactment, the former member may apply to the Disciplinary Tribunal for re-admission

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to membership of the Institute and entitlement to use the designation and initials previously applicable to that member under the relevant admission requirements in Rule 3, in which case the following shall apply:

- (a) the Disciplinary Tribunal shall consider the application and make a recommendation to the Regulatory Board as to whether or not the application should be granted;
 - (b) Rules 13.35 to 13.38, 13.42, 13.60 and 13.62 to 13.64 shall, with any necessary modifications, apply to the application; and
 - (c) the Disciplinary Tribunal's recommendation shall be considered by the Regulatory Board, which shall decide whether or not to accept the recommendation.
- 13.49 On granting any application for re-admission to membership and entitlement to use any designation and initials under Rule 13.48, the Regulatory Board may dispense with, or vary, any of the membership requirements set out in Rules 3.2 and 3.7 except for the requirement that the member be a member of CAANZ and impose any conditions it thinks fit. The Regulatory Board must notify CAANZ of any decision made under this Rule 13.49 and the reasons supporting that decision.
- 13.50 On expiry of the period of suspension imposed under Rule 13.40(b), a person shall be entitled to be readmitted to membership of the Institute (and to use the designation and initials previously applicable to the person under Rule 3.7) if:
- (a) any outstanding prescribed sums or any other amounts due to the Institute or CAANZ (as the case may be) have been paid or are being paid in accordance with an agreement with the Institute; and
 - (b) the person is or will be a member of CAANZ and at the end of his or her period of suspension, he or she remains of "good character and reputation"; and
 - (c) he or she has completed continuing professional development during the period of suspension as prescribed by the Institute.

Appeals Council

- 13.51 Within 14 days after the date of notification of a decision of the Disciplinary Tribunal made under 13.40, the member or the Professional Conduct Committee may appeal in writing stating the grounds of the appeal to the Appeals Council.
- 13.52 Where an appeal has been lodged with the Appeals Council and the Appeals Council is satisfied that it is necessary or desirable to do so having regard to the interests of the public or to the financial interests of any person, the Appeals Council may make an order:
- (a) suspending the member from membership of the Institute until further order of the Appeals Council; and
 - (b) directing that notice of the suspension be published in any publication that the Appeals Council thinks fit.
- 13.53 When any appeal is lodged with the Appeals Council under Rule 13.51, the Appeals Council shall give the member not less than 14 days written notice of the appeal hearing.
- 13.54 Every appeal shall be by way of rehearing but, unless the Appeals Council directs otherwise, it shall not be permissible to recall witnesses who gave evidence before the Disciplinary Tribunal or to introduce any new evidence.

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- 13.55 Subject to these Rules, the Appeals Council shall regulate its procedure as it thinks fit.
- 13.56 Where the Appeals Council permits the recall of a witness or the introduction of new evidence, it may:
- (a) permit:
 - (i) a person to give evidence under oath administered by the Chair of the Appeals Council;
 - (ii) a person appearing as a witness before it to give evidence by tendering a written statement and verifying that statement by oath administered by the Chair of the Appeals Council;
 - (b) receive as evidence any statement, document, thing or information whether or not it would be admissible in a Court;
 - (c) inspect and examine any documents, thing and information;
 - (d) require that copies of any such documents or information be provided to any person appearing at the hearing; and
 - (e) impose any terms and conditions in respect of the provision of copies of any document or information to a person appearing at the hearing and the use that may be made of them.
- 13.57 The Appeals Council may:
- (a) after the hearing of any appeal, confirm or vary or reverse the Disciplinary Tribunal's decision and make any order as to the payment of the costs of the appeal as it thinks fit; or
 - (b) where a member discontinues an appeal prior to the hearing by the Appeals Council, make any order as to the payment of costs of any or all incidental steps up to and inclusive of the discontinuance as it thinks fit.
- 13.58 Written notice of every decision of the Appeals Council shall be given to the complainant, the member, and to the Regulatory Board within 14 days of the Appeals Council's decision.
- 13.59 Unless the Appeals Council directs otherwise, notice of the Appeals Council's decision including the member's name, address and particulars of the charges shall be published in the Institute's official publication or, if the Institute ceases to have an official publication, in CAANZ's official publication and in any other publication which the Appeals Council may direct.
- Hearings to be in public**
- 13.60 Unless the Disciplinary Tribunal orders otherwise, every hearing of the Disciplinary Tribunal shall be held in public.
- 13.61 Unless the Appeals Council orders otherwise, every hearing of the Appeals Council shall be held in public.
- 13.62 If the Disciplinary Tribunal or the Appeals Council considers that it is appropriate to do so, having regard to the interests of any person or to the public interest, it may:
- (a) hold a hearing, or any part of a hearing, in private; and
 - (b) make an order prohibiting the publication of all or any of the following:

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- (i) a report of any proceedings before it or any part of those proceedings;
- (ii) any document, or any part of any document, produced at any hearing before it;
- (iii) the name of, or any matter that may identify, the person to whom any hearing relates or any other person.

13.63 An order made under Rule 13.62 shall continue in force for the period specified in the order or, if no period is specified, until the order is revoked by the Disciplinary Tribunal or the Appeals Council, as the case may be.

13.64 An order prohibiting publication made under Rule 13.62 shall not apply to communications between any or all of the following:

- (a) The Regulatory Board.
- (b) The Professional Conduct Committee.
- (c) The Disciplinary Tribunal.
- (d) The Appeals Council.
- (e) An employee or officer of the Institute.
- (f) CAANZ.

Acceptance of written undertakings

13.65 To avoid doubt, the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council may, if it considers that it is appropriate to do so in connection with the consideration or determination of any matter before that body, accept a written undertaking from a member including:

- (a) an undertaking to pay compensation to any person; or
- (b) an undertaking to do, or refrain from doing, any act.

Relationship with members suspended or removed from the Register of Members

13.66 A member must obtain the consent of the Disciplinary Tribunal prior to:

- (a) entering into or continuing in a practice entity with any person; or
- (b) acting as an agent carrying out any person's practice; or
- (c) employing or engaging or continuing to employ or engage any person; or
- (d) becoming or remaining a principal in a practice entity (as described in Appendix V) which has any person as an employee, agent, or contractor,

where that person is known to have had their name removed from the Register of Members or known to have been suspended from membership of the Institute by the Disciplinary Tribunal or any predecessor disciplinary body, unless that person has been re-admitted to membership of the Institute.

Complaints against former members

13.67 Any person may lodge a complaint with the Institute concerning a former member, where that complaint relates to conduct of that former member at a time when he or she was a member of the Institute.

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- 13.68 Where a complaint has been made against a member, and that person ceases to be a member before the complaint has been finally disposed of, that complaint may continue to be considered and determined in accordance with these Rules in the same manner as a complaint concerning a former member.
- 13.69 Rules 13.1 to 13.66 to apply to a complaint concerning a former member:
- (a) as if references to a member against whom a complaint is made were references to the former member;
 - (b) with the exceptions and modifications specified in Rules 13.70 to 13.72 below; and
 - (c) with all other necessary modifications.
- 13.70 Rules 13.13, 13.14, 13.25 to 13.28, 13.34, 13.46, 13.50 and 13.52 do not apply to complaints in respect of former members.
- 13.71 Rules 13.40(a), (b), (d), (f), (g) and (n) do not apply in respect of a former member. However, where the Disciplinary Tribunal finds a former member guilty of a charge it may make a finding that, if the former member had still been a member, it would have:
- (a) removed that person's name from the Register of Members; or
 - (b) suspended that person from membership of the Institute for a specified period not exceeding five years.
- 13.72 Rules 13.48, 13.49 and 13.66 apply to a former member in respect of whom a finding has been made under Rule 13.71 as if that person were a member whose name had been removed from the Register of Members, or who had been suspended from membership of the Institute, as the case may be.
- 13.73 A former member in respect of whom a finding has been made under Rule 13.71(b) may not apply for readmission to membership during the specified period.

Appearance as an expert witness

- 13.74 A person who is a member of the Disciplinary Tribunal or of the Appeals Council may not appear as an expert witness, or as a representative of a member, before any of the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council.

Disclosure of information to the Financial Markets Authority

- 13.75 The Institute, the Professional Conduct Committee, the Disciplinary Tribunal, and the Appeals Council may, upon the request of the Financial Markets Authority or on its own volition, disclose to the Financial Markets Authority or the Registrar of Companies any information obtained in the performance of their respective functions or prescribed under the Auditor Regulation Act that is relevant to the regulation or registration under the Auditor Regulation Act of those involved in Issuer Audits.

14. FEES AND OTHER SUMS PAYABLE BY MEMBERS

- 14.1 Subject to Rules 14.2 to 14.9, the New Zealand Appendix shall govern the fees and other sums payable by members.
- 14.2 Every person, whether or not remaining a member of the Institute, shall pay to the Institute the following as "prescribed sums":
- (a) any costs and expenses which the person is ordered to pay by the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council or the Reviewer of Complaints; and

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- (b) any sum which the person is ordered to pay by the Professional Conduct Committee, the Disciplinary Tribunal or the Appeals Council.

14.3 The Regulatory Board may resolve that:

- (a) any prescribed sum paid before its due date shall receive a discount;
- (b) any prescribed sum paid after its due date shall attract penalty interest; and
- (c) any prescribed sum not paid within a time specified by the Regulatory Board shall result in the name of the member in default being removed from the Register of Members.

14.4 The rate of any discount or penalty interest under Rule 14.3 shall be determined by the Regulatory Board and notified with the invoice or request for payment.

14.5 Where a person's name has been removed from the Register of Members for non-payment of a prescribed sum the person may apply to the Regulatory Board for re-admission to membership of the Institute and entitlement to use the designation and initials previously applicable to that person under Rule 3.7, provided that that person either already is or is applying to be a member of CAANZ.

14.6 A person shall be entitled to be re-admitted as a member (and to use the designation and initials previously applicable to that person under Rule 3.7) under Rule 14.5 on satisfying all conditions for re-admission to CAANZ and on satisfying all such conditions for readmission to the Institute which may be fixed by the Regulatory Board from time to time, and on payment of all outstanding prescribed sums together with any additional sum.

14.7 Where in any financial year the name of any person has been removed from the Register of Members, that person shall remain liable to pay any prescribed sum which that person would otherwise have been obliged to pay for that financial year.

14.8 Every prescribed sum shall be recoverable as a debt due to the Institute.

14.9 All costs and expenses incurred by the Institute to recover any prescribed sum shall be recoverable from the person in default in full, including legal costs on a solicitor and own client basis.

15. MEMBER'S NOTIFICATION

15.1 Every member shall notify the Institute and/or CAANZ as soon as practicable:

- (a) of any change of address;
- (b) of any change of business or employment;
- (c) that he or she has commenced offering accounting services to the public in New Zealand.

15.2 Every notice required by these Rules to be given to any member shall:

- (a) be sent to the member's last notified address; and
- (b) be deemed to have been received by the member 48 hours after it was sent.

15.3 Any notification given by a member to CAANZ shall be deemed to have been given to the Institute.

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16. COMMON SEAL

- 16.1 The Common Seal of the Institute shall remain in the custody of the Regulatory Board, and shall only be used by the authority of the Regulatory Board members and every instrument to which the seal shall be affixed shall be executed in accordance with the Property Law Act 2007.

17. AUDIT

- 17.1 Subject to compliance with applicable law, the auditor of the Institute shall be the person holding office as auditor of CAANZ or such other person as may be determined by the Regulatory Board.
- 17.2 The Regulatory Board shall deliver to the auditor the annual financial statements as approved by the Regulatory Board for the financial year, as soon as practicable after they have been approved. After receipt of the annual financial statements, the auditor shall complete an audit and provide an audit report to the Regulatory Board and to the CAANZ Board by a date fixed by the Regulatory Board.
- 17.3 CAANZ may at any other time request an audit of the Institute to be carried out.

18. INDEMNITY OF OFFICERS

- 18.1 Every member of the Council, the Regulatory Board and every Permanent Body established under these Rules, any executive officer and every other officer of the Institute shall be indemnified by the Institute from all losses and expenses incurred by them in connection with the discharge of their duties, except in the case of their wilful default. This indemnity is in addition to any indemnity given to such persons by CAANZ under the CAANZ By-Laws.

19. ALTERATIONS TO RULES

- 19.1 Subject to Rules 7.3 and 19.3, alterations to any of these Rules, including those in the Appendices, shall be made by a resolution passed at a Special General Meeting of members, provided that no alteration may be made to any of Rules 2.1(a) to (d) whilst those functions are required to be performed by the Institute under the Act.
- 19.2 A notice of motion to alter any of these Rules shall be lodged with the Regulatory Board not less than 60 days before the Special General Meeting.
- 19.3 The Regulatory Board shall (in addition to the power in Rule 7.3 to prescribe rules to be incorporated into a new Appendix to these Rules for the recognition of members and other persons under the Financial Reporting Act and for the cancellation and suspension of such recognition) have the power to add to, delete or vary any rule appearing in the Appendices to these Rules provided that no amendment can be made to Appendix II without the prior written consent of CAANZ.
- 19.4 The Regulatory Board may from time to time publish guidance notes on the interpretation of these Rules. In the event of any doubt as to the appropriate interpretation of these Rules in any particular situation, any such guidance shall be authoritative on the position.
- 19.5 No alteration to these Rules (other than pursuant to Rules 7.3 or 19.3) shall be binding unless the resolution passed by members at a Special General Meeting of members has been countersigned as approved by the Chair of the CAANZ Board and, in exercising his or her power to approve any such change, the Chair of the CAANZ Board may act in a manner that he or she believes is in the best interests of CAANZ (or its members) even though it may not be in the best interests of the Institute (or the Institute's members).

APPENDIX I

Permanent Bodies

Permanent Bodies (Rules 8.1, 8.2, 8.3 and 8.6)

1. The New Zealand Vice President of CAANZ shall be an ex officio members of the Permanent Bodies listed herein, with full voting rights, except for the Professional Conduct Committee, Disciplinary Tribunal and Appeals Council.

Statutory Bodies

- (a) Appeals Council.
- (b) Disciplinary Tribunal.
- (c) Professional Conduct Committee.

Advisory Groups

- (d) Practice Review Advisory Group.
- (e) Tax Advisory Group.

Terms of Reference (Rules 8.2 and 8.5)

2. The Regulatory Board shall approve from time to time, for each Permanent Body specified in clause 1 above, Terms of Reference that include some or all of the following:
 - (a) the membership, chair, and quorum of the Permanent Body;
 - (b) the purpose, functions, powers (in the case of a Statutory Body or Committee only), operating policies/procedures, and reporting obligations of the Permanent Body;
 - (c) whether the Audio/Visual Meeting Procedure set out in Appendix III shall apply to meetings of that Permanent Body, and if not, what alternative procedure that shall apply; and
 - (d) such other matters relating to the Permanent Body as the Regulatory Board considers appropriate.

APPENDIX II

Membership, appointment to membership, proceedings, delegations and remuneration of the Regulatory Board (Rule 7.2, 7.4 and 7.6)

Membership

1. The Regulatory Board shall comprise up to six persons (excluding any ex officio member) who shall be appointed from time to time by the CAANZ Board by a notice in writing signed by the Chair of that Board delivered to the New Zealand Vice President of CAANZ at the principal office of the Institute in New Zealand, provided that the members of the Board holding office immediately prior to the Effective Date shall continue to hold office pending the first appointment of Regulatory Board members under this Rule. The New Zealand Vice President of CAANZ shall be an ex-officio member of the Regulatory Board, with speaking rights and no voting rights.
2. Every member shall be eligible for appointment to the Regulatory Board. However, no member may be a member of both the Council and the Regulatory Board at the same time, except for the person who is the New Zealand Vice-President of CAANZ.
3. Any Regulatory Board member (excluding an ex-officio member) may be removed from office by a notice in writing signed by the Chair of the CAANZ Board delivered to the Institute at the principal office of the Institute in New Zealand.
4. A Regulatory Board member may retire from office by giving notice in writing to the Institute of that member's intention to retire. A notice of resignation takes effect at the time which is the later of:
 - (a) the time of giving the notice to the Institute; or
 - (b) the expiration of the period, if any, specified in the notice.
5. The office of a Regulatory Board member shall become vacant if the Regulatory Board member dies or resigns his or her office or the Regulatory Board member is removed pursuant to Rule 3 of this Appendix.

Proceedings

6. The Regulatory Board may meet together for the dispatch of business, adjourn, and otherwise regulate meetings, as the Regulatory Board members think fit. Notice of every meeting of the Regulatory Board shall be given to each Regulatory Board member with the period of such notice being that approved by the Regulatory Board from time to time. The notice shall specify the place, day and hour of the meeting and shall contain as far as practicable a statement of the general nature of the business to be transacted at the meeting. The accidental omission to give any notice or the non-receipt of any notice shall not affect the validity of the proceedings at the meeting.
7. Every Regulatory Board member (other than an ex-officio member) has one vote. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chair shall not have a second or casting vote and the resolution submitted to the meeting shall be deemed to have lapsed.
8. The quorum of the Regulatory Board shall be one half of the number of full members of the committee (rounded up to the next whole number) provided that one of the members present must be an independent member, if there was one appointed.
9. The continuing Regulatory Board members may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Rules as the necessary quorum of Regulatory Board members, the continuing Regulatory Board members or member may act only for the purposes of requesting the CAANZ Board to increase the number of Regulatory Board members to that number, but for no other purpose.

10. The Regulatory Board members may elect a chair of their meetings who may be any member of the Regulatory Board (other than an ex-officio member) and determine the period for which he or she is to hold office; but if no such chair is elected, or if at any meeting the chair is not present within 5 minutes after the time appointed for holding the meeting, the Regulatory Board members present may choose one of their number to be chair of the meeting.
11. The Regulatory Board may delegate any of its powers to committees consisting of such member or members of the Regulatory Board and such other persons as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Regulatory Board.
12. A committee may elect a chair of its meetings; if no such chair is elected, or if at any meeting the chair is not present within 5 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chair of the meeting.
13. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chair shall not have a second or casting vote, and the resolution submitted to the meeting shall be deemed to have lapsed.
14. All acts done by any meeting of the Regulatory Board or of a committee of the Regulatory Board or by any person acting as a Regulatory Board member shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such member or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such member or person had been duly appointed and was qualified to be a Regulatory Board member.
15. A resolution in writing signed or approved by an electronic mail message to the chair of the Regulatory Board by all Regulatory Board members for the time being entitled to receive notice of a meeting of the Regulatory Board members, shall be as valid and effectual as if it had been passed at a meeting of the Regulatory Board duly convened and held. Any such resolution may consist of several documents in like form, each signed or approved by one or more Regulatory Board members.
16. The Audio/Visual Meeting Procedure set out in Appendix III shall apply to meetings of the Regulatory Board.

Delegations

17. Any person to whom any of the functions of the Regulatory Board are delegated in accordance with Rule 7.4(b) shall have all the powers and authorities necessary to discharge those functions, provided that any delegated powers and authorities shall:
 - (a) be subject to any restrictions the Regulatory Board may impose in the terms of the delegation; and
 - (b) not extend to controlling and regulating the practice of the profession of accountancy by any member of the Institute.
18. The effect on the Institute of any delegation made in accordance with Rule 7.4(b) is that any function discharged in accordance with the delegation shall be treated as having been discharged by the Institute but shall not prevent the Regulatory Board from attending to the discharge of any functions itself.
19. Subject to its terms, any delegation made by the Regulatory Board in accordance with Rule 7.4(b) may be revoked in whole or in part at any time by the Regulatory Board in its discretion by giving written notice to that effect to the person to whom the functions in question have been delegated.

Remuneration

20. The remuneration of the Regulatory Board members shall be determined from time to time by the CAANZ Board and the Regulatory Board may pay out of the funds of the Institute any

remuneration and the expenses incurred by Regulatory Board members or other persons (whether or not members of the Institute) in attending meetings of the Regulatory Board or of any committee or sub-committee thereof. The Regulatory Board may also pay out of the funds of the Institute the expenses reasonably and properly incurred by the President or the New Zealand Vice President of CAANZ or any other Regulatory Board member when acting in his or her official capacity for and on behalf of the Institute.

APPENDIX III

Audio/visual meeting procedure rules

1. This Appendix shall apply to every meeting of:
 - (a) the Regulatory Board;
 - (b) the Council; and
 - (c) a Permanent Body specified in Appendix I, if so provided in its Terms of Reference.
2. Notwithstanding any other Rule, the contemporaneous linking together of members of any body listed in Rule 1 of this Appendix by means of audio or audio-visual technology shall be deemed to constitute a valid meeting of the body, provided:
 - (a) there is a quorum of members present and able to be heard, or be heard and seen, throughout the duration of the meeting;
 - (b) every member of the body has been given prior notice of the meeting by whatever means and all members are able to participate if they wish;
 - (c) at the commencement of the meeting, each member taking part acknowledges their presence for the purpose of the meeting to each other member taking part;
 - (d) throughout the meeting every member taking part is able to hear or hear and see each of the other members taking part; and
 - (e) no member leaves the meeting without the approval of the Chair.
3. With the consent of the Chair, any member of any body listed in Rule 1 of this Appendix may attend any meeting of that body, and be included in the quorum, if the member is present by virtue of audio/visual technology and can be heard, or be heard and seen, by the other members of the meeting physically present.

APPENDIX IV

Rules relating to the Conduct of Special General Meetings (Rule 9.3)

1. At least twenty-eight days before a Special General Meeting, the Regulatory Board shall:
 - (a) appoint one or more scrutineers who shall not be a member of the Council or the Regulatory Board;
 - (b) send to every member by way of any communication channel (including electronic means) notice of the meeting, the business to be conducted at the meeting, a ballot paper or polling form listing the notices of motion to be submitted to the meeting, details of the procedures for online and for postal voting, and the name and address of every appointed scrutineer; and
 - (c) where the business to be conducted at a meeting contains a notice of motion moved by a member, include any explanatory material of reasonable length supplied by the member subject only to the Regulatory Board's right to edit the material when it is necessary to render it factually correct.
2. The Chair of every meeting shall be:
 - (a) the New Zealand Vice President of CAANZ;
 - (b) in the New Zealand Vice President of CAANZ's absence, a Councillor appointed by the meeting; or
 - (c) in the absence of them all, a member appointed by the meeting.
3. The quorum requirements of a Special General Meeting shall be:
 - (a) fifteen members present within half an hour of the time fixed for the commencement of the meeting;
 - (b) where the quorum requirements are not met, the meeting shall be adjourned;
 - (c) at the adjourned meeting the quorum shall be as set out in paragraph (a) above; and
 - (d) where the quorum requirements of the adjourned meeting are not met, those present at the adjourned meeting shall be deemed to form the quorum.
4. Every member shall be entitled to one vote only, irrespective of the method of voting. If it is found that a member has voted more than once, or the member has not voted in accordance with the relevant prescribed procedures, the member's vote shall be void.
5. Every member may vote either personally or by postal ballot (including facsimile transmission), or by way of on-line polling according to the procedure as prescribed by the Regulatory Board from time to time.
6. Where a member wishes to vote by postal ballot or by on-line polling the member shall:
 - (a) in the case of a postal ballot, record his or her vote on the postal ballot paper in the manner provided and sign it;
 - (b) in the case of an on-line polling vote, record his or her vote using the polling form in accordance with the procedure prescribed in respect of the poll in question.
 - (c) forward the postal ballot or transmit the on-line polling form (as appropriate) to the scrutineer or scrutineers at the notified contact address, so as to be received by the scrutineer at least 48 hours before the time appointed for the commencement of the meeting.

7. Prior to the meeting the scrutineer or scrutineers shall count the votes received by postal ballot and by on-line polling in respect of each motion and at the meeting notify the results to the Chair of the meeting.
8. If there is an equality of votes at any general meeting, the Chair shall have a second or casting vote.
9. At every general meeting the Chair may require a poll be taken and shall require a poll where, to the Chair's knowledge, the counting of the votes cast at the meeting could affect the outcome of a vote after taking account of the votes received by postal ballot.
10. At every general meeting a poll shall be taken where demanded by five members present at the meeting.
11. Where a poll is required or demanded, it shall be conducted as the Chair directs.
12. Where those present at a general meeting resolve to adjourn the meeting:
 - (a) no new business shall be transacted at the adjourned meeting; and
 - (b) no notice need be given of the adjourned meeting unless the meeting directs otherwise.

APPENDIX V

Matters pertaining to Members offering accounting services to the public in New Zealand

1. Definitions

- 1.1 For the purpose of the Rules and this Appendix, the following terms shall have the following meanings:

“Majority” means more than fifty percent.

“Principal” means a person having a direct or indirect ownership interest in a practice entity and a governance role in that same structure in the nature of a shareholder and director of a company, a partner of a partnership, a person with the power of appointment of trustees, or a trustee in respect of a trust.

“Qualifying principal” means a principal holding a Certificate of Public Practice.

“Practice entity” means a practice structure through which one or more principals offer accounting services to the public, including sole practices, partnerships, companies, trusts, and other entities, and including combinations of entities.

2. Mode of Practice

- 2.1 A Holder of a Certificate of Public Practice may practise using any name they wish unless the name:

- (a) breaches any Rules of the Institute or guidance note referred to at Rule 19.4 or
- (b) is unprofessional, offensive, or amounts to conduct unbecoming a Chartered Accountant; or
- (c) is false, misleading or deceptive; or
- (d) so closely resembles a name already in use as to be likely to cause confusion; or
- (e) is otherwise unlawful or undesirable; or
- (f) is a name published by the Regulatory Board to the holder as being in breach of clauses 2.1(a) to (e) above.

- 2.2 A holder of a Certificate of Public Practice may practise using any structure provided it meets the following requirements:

- (a) Control at the ownership level of the practice entity must lie at all times with qualifying principals. Control may be exercised through qualifying principals having a majority of voting shares or holding a casting vote or through any other mechanisms which allow them to exercise control at that level. Control must extend to appointments to the governing body of the practice entity, such as: in the case of a corporate practice entity the power to appoint directors to the board; in the case of a practice entity that is a partnership the power to appoint partners; and, in the case of a practice entity that is a trust the power to appoint trustees.
- (b) Governance of the practice entity below the ownership level, such as: in the case of a corporate practice entity, the level of the board of directors; in the case of a practice entity that is a partnership, the level of the partners; and in the case of a practice entity that is a trust, the level of the trustees, must be exercised at all times by qualifying principals having a majority of voting shares or holding a casting vote or through other mechanisms which allow them to exercise control at that level in respect of the practice entity.

- (c) The Regulatory Board's consent to the use of the practice entity is received prior to it being used to offer accounting services to the public.
- 2.3 Notwithstanding the requirements detailed in clauses 2.2(a), (b) and (c) above, the Regulatory Board may vary those requirements in particular situations where it believes that there are valid reasons to vary them and where the Regulatory Board is satisfied the interest of members and the public are not significantly compromised as a consequence of that variation.
- 2.4 Except with the consent of the Regulatory Board, no member shall:
 - (a) allow any other person who is not a member of the Institute, or any firm, body, corporation or other structure to practise in their name;
 - (b) practise under a trade or association name;
 - (c) directly or indirectly obtain financial benefit from an entity which offers accounting services to the public, other than by earnings as an employee not holding a position in the entity equivalent to that of a director in a corporate entity, unless the entity is a practice entity meeting the requirements of clause 2.2 above or the requirements of that clause as varied by the Regulatory Board in terms of clause 2.3 above; or
 - (d) in respect of an entity that offers accounting services to the public and which does not meet the requirements of clause 2.2 above or the requirements of that clause as varied by the Regulatory Board in terms of clause 2.3 above:
 - (i) directly or indirectly control that entity either personally or through their spouse (whether legal or de facto), child, parent or the spouse (legal or de facto), child or parent of any such person or through any other entity or person;
 - (ii) enter into any arrangement under which the principal financial benefit is vested directly or indirectly in their spouse (whether legal or de facto), child, parent, sibling or the spouse (whether legal or de facto), child, parent or sibling of any such person or any other entity or person.
- 2.5 An application for the Regulatory Board's consent to the use of a practice entity for the purpose of offering accounting services to the public under clause 2.2(c) above shall be made on the application form prescribed by the Regulatory Board from time to time.
- 2.6 Subject to clause 2.4, and unless the Regulatory Board decides that a practice entity or type of practice entity should not be used and withholds its consent in the interests of the Institute or the public, the Regulatory Board shall approve an application for consent to the use of a practice entity for the purpose of offering accounting services to the public provided:
 - (a) the application form is completed correctly;
 - (b) the criteria set out in Appendix V are met; and
 - (c) the sum prescribed by the Regulatory Board (if any) is paid on application.
- 2.7 Once the Regulatory Board's consent has been provided under Rule 2.2(c) above, the qualifying principals and other principals of a practice entity are responsible for and accountable to the Institute for the conduct of that entity and shall ensure that the practice entity at all times complies with the Rules of the Institute, including the requirements set out in this Appendix and the Code of Ethics, and has regard to any guidance notes referred to at Rule 19.4.
- 2.8 The Institute shall not be liable for any decision it makes to consent or to withhold consent to the use of a particular practice entity for the provision of accounting services to the public, nor shall it be liable for the actions of any practice entity where consent for the practice entity has been granted.

2.9 Pursuant to Rule 10.3, the fixed current level of gross fees that may be earned before the member concerned is required to hold a Certificate of Public Practice is \$13,000 (excluding GST) in any period of twelve consecutive months.

2.10 The practice entity shall at all times have professional indemnity insurance cover appropriate to the nature and scale of the accounting services it offers to the public.

3. Practising with Non-Members

3.1 The Regulatory Board shall permit members to practise in a practice entity with a non-member of the Institute provided the practice entity meets the following requirements:

- (a) the practice entity has received the consent of the Regulatory Board in accordance with clause 2.2(c) above;
- (b) the number of non-member principals does not exceed 49% of the total number of principals on a national basis;
- (c) the equity or the entitlement to profits of the non-member principal are approved by the Regulatory Board;
- (d) the services to be provided by any non-member principal are approved by the Regulatory Board; and
- (e) any non-member principal:
 - (i) is ordinarily resident in New Zealand;
 - (ii) is a fit and proper person to practise in conjunction with members;
 - (iii) in the opinion of the Regulatory Board possesses the skills, qualifications and experience to enable them to perform competently the services they are to provide;
 - (iv) is a member of an acknowledged or appropriate professional body, unless the Regulatory Board in its discretion waives this requirement;
 - (v) if required, attends a course for non-member principals approved by the Regulatory Board;
 - (vi) agrees in writing to abide by the Act, the Rules and the Code of Ethics, and to have regard to any guidance notes referred to in Rule 19.4;
 - (vii) agrees in writing to subject themselves to the disciplinary processes of the Institute, as if they were a member;
 - (viii) pays an initial fee as fixed by the Regulatory Board from time to time;
 - (ix) pays an annual non-member association fee as fixed by the Regulatory Board from time to time.

3.2 Where the maximum number of non-member principals permitted in clause 3.1 above is exceeded for reason of the death, retirement or resignation of one or more principals, the practice entity must notify the Regulatory Board immediately and the Regulatory Board may allow the remaining principals to continue in practice on any terms and conditions it thinks fit.

3.3 Any non-member of the Institute who is permitted to practise in conjunction with members:

- (a) may describe themselves as a partner, director or otherwise as appropriate to the form of the practice entity but may not describe themselves as a member of the Institute;

- (b) shall comply with the Act, the Rules and the Code of Ethics and have regard to any guidance notes referred to in Rule 19.4; and
 - (c) shall be subject to the jurisdiction of the Professional Conduct Committee, Disciplinary Tribunal and Appeals Council in the same manner and to the same extent as if they were a member of the Institute.
- 3.4 Every member practising with a non-member shall ensure that the non-member principal complies with the Act, the Rules and the Code of Ethics and has regard to any guidance notes referred to at Rule 19.4.
- 4. **Practice Entity**
- 4.1 The constitution, rules, trust deed or other similar governing document of the practice entity shall provide that:
 - (a) a quorum for a meeting or adjourned meeting of principals is present if a majority of qualifying principals:
 - (i) are present in person; or
 - (ii) are present by proxy; or
 - (iii) have cast in advance of the meeting a written vote on each motion to be considered at the meeting, and who between them are able to execute a majority of the votes that may be cast at the meeting;
 - (b) in the event that the chair has a second and casting vote, the chair shall be a qualifying principal; and
 - (c) no resolution may be passed or decision may be made at a meeting of principals by less than a majority of qualifying principals.
- 5. **Other Agreements**
- 5.1 The principals are prohibited from entering into an agreement, arrangement or understanding, whether written or oral, that is inconsistent with the requirements set out in Appendix V.
- 6. **Insolvency**
- 6.1 In the event that a practice entity;
 - (a) enters into a composition with its creditors; or
 - (b) goes into bankruptcy, liquidation or has a receiver, or receiver and manager, or statutory receiver appointed or enters into some similar state arising from its inability to meet its debts as they fall due,

then the practice entity shall on the happening of that event cease offering accounting services to the public.
- 7. **Returns and Fees**
- 7.1 It shall be the responsibility of qualifying principals of a practice entity in respect of that practice entity to:
 - (a) complete an annual return in the form prescribed by the Regulatory Board; and
 - (b) pay any fee prescribed by the Regulatory Board.

APPENDIX VI

Matters pertaining to recognition of members and other persons for the purposes of the Financial Reporting Act 2013 (Rule 7.3)

1. Definitions

1.1 For the purpose of this Appendix, the following terms have the following meanings:

“Chartered Accountant” means a member who, in accordance with section 19 of the New Zealand Institute of Chartered Accountants Act 1996 and Rule 3.7(a), is entitled to use the designation “Chartered Accountant”.

“Conditions of recognition” means the conditions that a member must satisfy on an ongoing basis when the Institute has recognised the member for the purposes of the Financial Reporting Act 2013.

“Engagement director” has the same meaning as under the Financial Reporting Act 2013.

“General conditions” means conditions of recognition, other than restrictive conditions, that the Board sets from time to time that may be applied to all or any recognition by the Institute.

“Incorporated audit firm” has the same meaning as the term “audit firm” as defined in section 6(1) of the Auditor Regulation Act 2011 except that for the purposes of this Appendix it excludes partnerships.

“Recognition” and “recognised” means, for the purposes of clauses 2 to 7 of this Appendix, a status conferred by the Institute that a person is a qualified auditor of a specified entity or of its financial statements under the Financial Reporting Act 2013.

“Recognition agreement” means an agreement between the Institute and an incorporated audit firm that the Institute has recognised for the purposes of the Financial Reporting Act 2013.

“Restrictive conditions” means a condition of recognition that has the effect of limiting the statutory assurance engagements that a member is qualified to undertake.

“Specified entities” means the entities that are the subjects of statutory assurance engagements.

“Statutory assurance engagement” means an engagement required by law to be performed by a qualified auditor under the Financial Reporting Act 2013.

2. Recognition of members

2.1 The Institute will recognise a member who:

- (a) meets the requirements for the carrying out of assurance engagements pursuant to a statute as specified in Rule 10.3(b)(ii);
- (b) applies to the Institute using the prescribed form;
- (c) pays the prescribed fee; and
- (d) has not otherwise had their recognition cancelled or suspended.

2.2 For the avoidance of doubt, members that hold a licence under the Auditor Regulation Act 2011 are automatically qualified auditors under section 36(1)(b) of the Financial Reporting Act 2013 by virtue of their licence and do not require separate recognition by the Institute.

3. Recognition of non-members

3.1 The Institute may recognise the following types of non-members:

- (a) incorporated audit firms; and
- (b) certain members of religious societies or orders.

Incorporated audit firms

3.2 The Institute may recognise an incorporated audit firm if the incorporated audit firm:

- (a) meets the prescribed requirements and minimum standards specified in the Financial Reporting Act 2013;
- (b) specifies an engagement director of the incorporated audit firm who would be a qualified auditor of the specified entity to which the recognition relates had he or she accepted the engagement in his or her own name;
- (c) is, in the opinion of the Institute, suitable to be recognised for the specified entity or kind of specified entity particularised in the application or otherwise determined by the Institute under clause 3.3 in accordance with section 36C(2) of the Financial Reporting Act 2013;
- (d) has entered into a binding recognition agreement with the Institute if, in the opinion of the Institute, a recognition agreement is necessary, and on such terms and conditions as the Institute thinks fit;
- (e) applies to the Institute using the prescribed form;
- (f) pays the prescribed fee; and
- (g) has not otherwise had its recognition cancelled or suspended.

3.3 The Institute may recognise incorporated audit firms in respect of all specified entities or one or more kinds of specified entities in accordance with section 36C(2) of the Financial Reporting Act 2013 as it determines from time to time.

3.4 For the avoidance of doubt, incorporated audit firms registered under the Auditor Regulation Act 2011 are automatically qualified auditors under section 36(1)(e) of the Financial Reporting Act 2013 by virtue of their registration and do not require separate recognition by the Institute.

Members of religious societies and orders

3.5 The Institute may recognise a member of a religious society or order if:

- (a) the Institute is satisfied that the person qualifies for the exemption to the qualification requirements in section 36(1)(a)(i) of the Financial Reporting Act 2013 under section 36R(1)(a);
- (b) the person applies to the Institute using the prescribed form;
- (c) the person pays the prescribed fee;
- (d) the person has entered into a binding arrangement with the Institute that satisfies the requirements of section 36T of the Financial Reporting Act 2013 and which, in accordance with section 36T(3), is binding on the person as if they were a member of the Institute and which, without limitation includes an agreement to be subject to the disciplinary rules of the Institute;
- (e) the term of the arrangement has not come to an end; and

- (f) the recognition has not otherwise been cancelled or suspended.

3.6 Prior to entering into an arrangement with a member of a religious society or order, the Institute will:

- (a) assess the person's experience in undertaking assurance engagements of the kind for which it seeks recognition; and
- (b) assess the person's education and training in the areas of auditing, assurance and financial reporting.

In carrying out its assessments under this clause, the Institute will consider whether the person has demonstrated that they are sufficiently qualified to complete statutory assurance engagements in compliance with New Zealand's auditing and assurance standards issued by the New Zealand Auditing and Assurance Board.

3.7 If the procedures undertaken by the Institute in clause 3.6 above do not, in the Institute's view, demonstrate that the person is sufficiently qualified, the Institute may either:

- (a) decline to enter into an arrangement; or
- (b) request the person to undertake one or more of the following courses of action in order to proceed with entering into an arrangement:
 - (i) successfully complete an education or training course specified by the Institute; and/or
 - (ii) submit for review a sample of prior engagements selected by the Institute; and/or
 - (iii) agree with the Institute a remedial action plan that includes specified goals and time frames to be further assessed by the Institute.

3.8 If, after having completed the procedures in clauses 3.6 and 3.7 above, the Institute has determined that the person is not sufficiently qualified in terms of clause 3.6, it will exercise its right not to enter into the arrangement.

3.9 The costs incurred by the Institute associated with the procedures undertaken under clause 3.7 above will be payable in addition to the prescribed fee specified in clause 3.5(c).

4. Conditions of recognition of members

4.1 All recognitions of members granted under clause 2.1 will be subject to any general conditions set by the Regulatory Board from time to time.

4.2 The Institute may apply restrictive conditions to any member's recognition under clause 2.1 if the Institute considers it is in the public's interest to do so, whether at the time of recognition or subsequent to a practice review, or otherwise.

4.3 The Institute may consider that it is in the public's interest to apply restrictive conditions where circumstances including, but not limited to, the following are present:

- (a) At the time of the application for recognition, the member has insufficient experience or training to satisfy the Institute that the member will be able to conduct a statutory assurance engagement of a Public Interest Entity (as defined by the New Zealand Auditing and Assurance Board) in accordance with the auditing and assurance standards issued by the New Zealand Auditing and Assurance Board (insofar as the restriction is in respect to statutory assurance engagements of Public Interest Entities) even though the

member may be competent to undertake all other statutory assurance engagements.

- (b) At the time of the application for recognition (or following recognition), the member has been subject to a Disciplinary Tribunal decision limiting the types of statutory assurance engagements the member may undertake.
- (c) At the time of the application for recognition, the member has been directed not to undertake certain types of statutory assurance engagements except under the supervision of a member approved by the Institute and/or after having undertaken a period of training specified by the Institute in accordance with Rule 12.6(d).
- (d) Following consultation with the Practice Review Advisory Group, practice review results indicate that the member has materially breached the general conditions of recognition and that remediation is necessary in respect to a particular kind of specified entity or a particular type of statutory assurance engagement prior to accepting further appointments for these kinds of engagements.

4.4 Prior to any restrictive conditions (other than those applied at the time of recognition) under clause 4.2 having any effect, the Institute will:

- (a) give the member at least 10 working days' written notice that it intends to subject recognition to a restrictive condition, along with the reason why and the requirements for removal of the restrictive condition;
- (b) give the member an opportunity to make a written submission on the matter within the notice period; and
- (c) consider whether it is satisfied in light of the submission that the restrictive conditions proposed are still required.

5. Returns and Fees

5.1 Each recognised person must provide any information requested by the Institute which the Institute requires in connection with its obligation under section 36E of the Financial Reporting Act 2013 to keep the person's recognition under review. Without limitation, each recognised person must complete an annual return in the form prescribed by the Regulatory Board in order to verify that the requirements and any minimum standards for recognition continue to be satisfied.

5.2 Each recognised person must pay any fee prescribed by the Regulatory Board from time to time as and when they fall due.

6. Cancellation or suspension of recognition

6.1 The Institute may cancel or suspend any recognition granted in accordance with section 36I of the Financial Reporting Act 2013 and the terms of this clause.

Grounds of cancellation or suspension

6.2 The Institute may cancel or suspend the recognition of any member recognised under clause 2.1 if:

- (a) the Institute is satisfied that the member no longer meets the requirements for the carrying out of assurance engagements pursuant to a statute as specified in Rule 10.3(b)(ii); or
- (b) the Institute is satisfied that the member no longer meets the prescribed requirements under the Financial Reporting Act 2013; or

- (c) the Institute is satisfied that the member has breached any conditions of recognition, whether general conditions or restrictive conditions; or
 - (d) the member requests, by written notice, that the Institute cancel or suspend recognition.
- 6.3 The Institute may cancel or suspend the recognition of any incorporated audit firm recognised under clause 3.2 if:
- (a) the Institute is satisfied that the incorporated audit firm no longer meets the prescribed requirements and minimum standards under section 36C of the Financial Reporting Act 2013; or
 - (b) the incorporated audit firm has failed to comply with the recognition agreement (if one applies) in any material respect; or
 - (c) the recognition agreement (if one applies) has expired; or
 - (d) the incorporated audit firm requests, by written notice, that the Institute cancel or suspend recognition.
- 6.4 The Institute may cancel or suspend the recognition of any member of a religious society or order recognised under clause 3.5 if:
- (a) the Institute is no longer satisfied that the exemption in section 36R(l)(a) of the Financial Reporting Act 2013, referred to in Rule 3.5(a), is satisfied and gives written notice accordingly; or
 - (b) the person has failed to comply with the arrangement in any material respect, or
 - (c) the arrangement has expired, or
 - (d) the person requests, in accordance with the arrangement, that the Institute cancel or suspend recognition, or
 - (e) the terms of the arrangement otherwise require cancellation or suspension.

Cancellation or suspension procedures

- 6.5 Recognition may only be cancelled under clause 6.2(c) if the Disciplinary Tribunal orders a member to cease undertaking assurance engagements pursuant to a statute under Rule 13.40(n).
- 6.6 The Institute will not suspend recognition under clause 6.2(c) unless:
- (a) the Disciplinary Tribunal suspends a member from undertaking assurance engagements pursuant to a statute under Rule 13.40(n) or suspends a member's Certificate of Public Practice under Rule 13.40(d); or
 - (b) the Institute, following consultation with the Practice Review Advisory Group in accordance with Rule 12.6(b), considers that:
 - (i) the breach of conditions is material; and
 - (ii) suspension is appropriate to allow the member time to remediate the matters that gave rise to the breach or for a complaint to be lodged with the Professional Conduct Committee pursuant to Rule 12.6(c).
- 6.7 Any cancellation or suspension of recognition under clause 6.3(b) will be carried out in accordance with any procedures set out in a recognition agreement.

- 6.8 Any cancellation or suspension of recognition under clause 6.4 will be carried out in accordance with any procedures set out in the arrangement.
- 6.9 Where the Institute suspends recognition it may do so for any period it considers necessary.
- 6.10 When the Institute cancels recognition it may give written notice to the member that a specified period must elapse before the member can reapply to be re-recognised or re-approved.

7. Register of qualified auditors

Pursuant to section 36M of the Financial Reporting Act 2013, the Institute will keep a public register of qualified auditors on its Internet site of every person recognised by it under section 36 of the Financial Reporting Act 2013. The public register of qualified auditors will include the information specified in section 36M(3) of the Financial Reporting Act 2013.

8. Recognition of members of religious societies and orders as qualified statutory accountants

The Institute may recognise a member of a religious society or order as a qualified statutory accountant in accordance with sections 36S and 36T of the Financial Reporting Act 2013 if:

- 8.1 the Institute is satisfied that person meets the requirements set out in section 36S(1) of the Financial Reporting Act 2013;
- 8.2 the person pays the prescribed fee;
- 8.3 the person has entered into a binding arrangement with the Institute that:
 - (a) satisfies the requirements of section 36T of the Financial Reporting Act 2013;
 - (b) in accordance with section 36T(3) of the Financial Reporting Act 2013, is binding on the person as if they were a member of the Institute;
 - (c) includes an agreement to be subject to the disciplinary rules of the Institute and the Code of Ethics; and
 - (d) includes or accompanies a statement of recognition in accordance with section 36S(2) of the Financial Reporting Act 2013;
- 8.4 the term of the arrangement has not come to an end; and
- 8.5 the recognition has not otherwise been cancelled or suspended.

9. Non-members to be bound by Code of Ethics

The Code of Ethics shall apply to any person recognised by the Institute as:

- 9.1 a qualified statutory accountant in accordance with clause 8; or
- 9.2 a qualified auditor in accordance with clauses 3.2 or 3.5,

as if that person was a member of the Institute, and every such person shall be bound by, and must comply with, the Code of Ethics.