

Articles of Association
Iranian Association of Certified Public
Accountants

Section One

General Provisions

Article 1

In this Articles of Association, the following terms are used in place of their detailed descriptions:

- (a) Qualification Assessment Manual: The Qualification Assessment Manual for Certified Public Accountants and the manner of their selection - subject of Resolution No. H13875T/9045 dated 15 October, 1995, of the Council of Ministers.
- (b) Qualification Assessment Board: The Qualification Assessment Board for Certified Public Accountants as per Article (1) of the Qualification Assessment Manual.
- (c) Association: The Iranian Association of Certified Public Accountants (IACPA).
- (d) Specialized and Professional Services: refers to the following services:
 - Various types of audits,
 - Statutory Examination,
 - Financial management consultancy,
 - Designing and implementation of financial systems,
 - Financial, accounting, and tax services,
 - liquidation oversight,

- Shares and partnership interests valuation¹,
- Financial arbitration,
- Services referred by courts and judicial authorities within the framework of the above-mentioned items and accepted by the Certified Public Accountant.

Note: Determination of other cases within the framework of this Articles of Association and laws is the responsibility of the High Council of the Association.

- (e) Practicing and Non-Practicing Certified Public Accountants: Those Certified Public Accountants who allocate their full time to auditing services, statutory examinations, and other specialized and professional services (as mentioned in paragraph 'd' above) and do not have other jobs, whether full-time or part-time (except for faculty members of universities and higher education and research institutions and other educational engagements in compliance with the relevant employment regulations), are called 'Practicing Certified Public Accountant. Otherwise, they are Non-Practicing Certified Public Accountants'.
- (f) Act: The Act of "Use of Specialized and Professional Services of Qualified Accountants as Certified Public Accountants"—enacted in 1993.
- (g) Professional oversight: Professional oversight over the activities of audit firms and Certified Public Accountants in Iran.
- (h) Audit Firm or Firms: Audit firm or firms that are members of the Iranian Association of Certified Public Accountants.

Note: The five services (financial management consultancy; designing and implementation of financial systems; financial, accounting, and tax services; shares and partnership interests valuation; and financial

¹ According to the letter No. B/H18928 dated June 19, 2013 from the Speaker of the Parliament addressed to the then President, performance of of shares and partnership interests valuation and financial arbitration services by certified public accountants has been recognized as contrary to the scope of services specified in the Use of Specialized and Professional Services of Qualified Accountants as Certified Public Accountants Act (ratified on January 11, 1994 and its amendment on January 27, 1994 by the Parliament), Certified public accountants are in no way authorized to perform activities beyond the matters stipulated in the aforementioned Act.

arbitration), as well as services mentioned in the note to paragraph 'd' of this Article, are intended for regulating accounting and auditing profession and do not include services the government utilizes as such by Certified Public Accountants in accordance with this Act. Furthermore, a Certified Public Accountant might not provide any of the five services to natural or legal persons simultaneously for whom they have the responsibility of Certified Public Accountant under the Act.

Article 2

The purpose of establishing the Association is regulating and promoting accounting and auditing profession in the country and oversight of the work of members by:

- (a) Organizing Certified Public Accountants,
- (b) Enhancement and development of professional services by helping in preparation, compilation, dissemination, and promotion of accounting, auditing, financial services and ethics,
- (c) Enhancement of professional knowledge of certified public accountants through development and improvement of training, research, and issuance of specialized and professional publications,
- (d) safeguarding the professional interests of members,
- (e) Continuous communication of technical and professional issues with members, and
- (f) Communication with regional and international professional bodies and becoming a member thereof with the goal of advancement of professional connections.

Article 3

Persons selected as certified public accountants under the implementation of the Qualification Assessment Manual are members of the Association by complying with the provisions of this Articles of Association.

Note (1): Persons whose title of certified public accountant is revoked are not permitted to use the said title, and their membership in the Association is nullified.

Note (2): Audit firms subject to Note (3) of the Act are members of the Association.

section Two

Governing Bodies

Article 4

The governing bodies of the Association are as follows:

- (a) General Meeting,
- (b) High Council,
- (c) Board of Directors, and
- (d) Supreme Oversight Board.

Article 5

General Meeting is the highest governing body of the Association, composed of the members of the Association, and its responsibilities are as follows:

1. Electing High Council members.
2. Approval of High Council annual report.
3. Setting High Council members compensation as per the Presidium of the meeting proposal.
4. Determining a widely circulated newspaper for the Association formal announcements as per the Presidium of the meeting proposal.

Note (1): The principal responsibility for inviting members and convening the General Meeting lies with the C.E.O. of the Association. If the C.E.O. does not invite the members as specified, no later than the end of September each year, the Chairman of the Supreme Oversight Board shall invite the General Meeting.

Note (2): The General Meeting procedural manual; including how to convene the Meeting and election of the Meeting's presidium, how to conduct the meeting, the quorum of the meeting, methods of voting, and oversight of the General meeting; shall be approved by the Minister of Economic Affairs and Finance.

Note (3): The validity of the elections of the members of the High Council is based on the report of the Supreme Oversight Board and becomes valid after the approval of the Minister of Economic Affairs and Finance. Their membership decrees are issued by the Minister of Economic Affairs and Finance.

A. High Council

Article 6

The number of principal members of the High Council is eleven (11), who are elected from among the members of the Association by the General Meeting.

Note (1): At least four members of the High Council shall be practicing members, and at least four members shall be non-practicing members.

Note (2): The procedural manual for the election of High Council members for the first time; including how to convene the meeting and elect the meeting's presidium, how to nominate for membership in the said Council, how to conduct the meeting, the quorum of the meeting, methods of voting, and oversight of the elections; shall be approved by the Minister

of Economic Affairs and Finance based on the Founding Board (subject of Note (2) to the Act) proposal.

Note (3): After the formation of the High Council, any changes in the said procedures shall be made upon the proposal of the Council and the approval of the Minister of Economic Affairs and Finance.

Article 7

The conditions of candidates for membership in the High Council are as follows:

- (a) Having the qualifications as per paragraphs (b), (c), (d) and (e) of Article (16).
- (b) Having at least ten years of managerial work experience in the fields of auditing, financial services, system design or financial management after obtaining a bachelor's degree.
- (c) Good reputation and practical commitment to the principles of Islam and the Islamic Republic of Iran. For religious minorities referred to in Article 13 of the Constitution, their religious teachings shall govern.

Note (1): Determining the eligibility of candidates for membership in the High Council in accordance with the conditions mentioned in this Article is the responsibility of the Minister of Economic Affairs and Finance.

Note (2): The term of membership for the High Council members is three years. Their consecutive re-election for only one additional term is permissible, and each member can be elected for a total of three terms during their membership in the Association. Previous members must continue their work until the election of new members. In case of death, resignation, or revocation of their title of certified public accountant, a new member from among the alternates will be appointed for the remaining period.

Note (3): In addition to the Chairman of the Supreme Oversight Board—and in his absence, one of the members of the said Board—three representatives without voting rights as follows shall attend the meetings of the High Council:

1. Representative of the Minister of Economic Affairs and Finance.
2. One person appointed by the Governor of the Central Bank of the Islamic Republic of Iran.
3. One person appointed by the Chairman of the Securities and Exchange Organization.

Article 8

The duties and authorities of the High Council are as follows:

1. Appointment of the members of the Board of Directors.
2. Determining policies and approving programs of the Association.
3. Approving the Association's financial, transactional, administrative, and employment Manuals.
4. Approving financial statements and the annual performance report of the Board of Directors.
5. Approval of members of specialized committees eligibilities in compliance with Article 17 (h) of this Articles of Association.
6. Approval of the formation, duties, and authorities manual of specialized committees in compliance with Article 17 (h) of this Articles of Association.
7. Determination of remuneration of the members of the Board of Directors and specialized committees, except for the Quality Control and Code of Professional Conduct committees, and preliminary disciplinary boards.
8. Approval of the detailed organizational structure of the Association.
9. Approval of guidelines and technical and professional Manuals within the framework of standards issued by regulatory authorities.
10. Determination of admission fees and fixed and variable membership dues of members.

11. Preparing the annual report of the Council for presentation to the Minister of Economic Affairs and Finance and the General Meeting.
12. Appointment of the Association's specialized magazine editor in charge.
13. Exercising professional supervision through specialized committees (except for the Quality Control and Code of Professional Conduct committees) to monitor the status of audit firms and control the quality of work of sole practitioners.
14. Deciding on other necessary matters for fulfilling the duties of the Association that are not assigned to other governing bodies in this Articles of Association, with the approval of the Ministry of Economic Affairs and Finance.
15. Deciding on establishing educational and research centres related to the activities of the Association by obtaining necessary permits from regulatory authorities.
16. Proposing other required Manual of the Association to relevant authorities for approval.
17. Deciding on the manner of cooperation with users of the services of the Association's members within the framework of this Articles of Association.

Note (1): The annual report of the High Council can be presented and approved in the General Meeting only if it has been examined by the Supreme Oversight Board, and the report of that Board-which contains an opinion regarding compliance with the Association's regulations-accompanies it. The time for submitting the High Council's report is one month after decisions are made regarding the financial statements and the reports of the Board of Directors and the Supreme Oversight Board. The Supreme Oversight Board shall present its opinion on the report to the General Meeting and the Minister of Economic Affairs and Finance within 15 days. Without reading the report of the Oversight Board in the General Meeting, any decision regarding the High Council's report is invalid.

Note (2): The Minister of Economic Affairs and Finance can decide on re-elections of the High Council in the following cases:

- (a) If the validity of the elections is not confirmed by the Supreme Oversight Board report.
- (b) If the annual report of the High Council is not approved in the Association's General Meeting based on the Supreme Oversight Board report.
- (c) If, based on the report of the Supreme Oversight Board, the High Council has not performed the duties specified in this Articles of Association or has been negligent in performing them.

Article 9

The High Council shall, in the first meeting of each term, elect one of its members as the Chairman of the High Council for a three-year term.

Note (1): Changing the Chairman of the High Council before the expiration of the three-year term is the responsibility of the Council.

Note (2): The Chairman of the High Council shall be responsible for coordination and management of the meetings, communicating the resolutions of the Council, and other related matters pertinent to such duties.

Note (3): Re-election of an individual as the Chairman of the High Council in subsequent terms is permissible in compliance with regulations.

Article 10

Meetings of the High Council are quorate with the presence of at least eight (8) members, and decisions are valid with at least six (6) affirmative votes from those present.

B) Board of Directors

Article 11

The Board of Directors of the Association consists of three full-time members elected from among the members of the Association by the High Council for a three-year term and appointed by decree of the Chairman of the High Council. If some members of the Board of Directors change during this period, new members will be elected for the remaining term.

Note (1): If members of the Board of Directors are selected from among practicing certified public accountants, their status will change from practicing to non-practicing during their tenure as Director.

Note (2): Election of Board members from among the members of the High Council of the Association is not permitted.

Note (3): Re-election of the Board members for subsequent terms is permissible in compliance with the regulations of this Articles of Association.

Article 12

The High Council appoints one of the Board members as the Chairman of the Board and Chief Executive Officer (C.E.O.) of the Association.

Note (1): The Chairman of the Board and C.E.O. shall manage day to day affairs of the Association, except in matters assigned to other governing bodies, and shall be responsible for implementing the Board of Directors' resolutions,

Note (2): Changing the Board of Directors and the C.E.O. before the expiration of the three-year term is the responsibility of the High Council with the approval of the Minister of Economic Affairs and Finance.

Note (3): If, based on the report of the Supreme Oversight Board, any member of the Board of Directors fails to perform or commits a violation of the duties specified in this Articles of Association and related

regulations, the Minister of Economic Affairs and Finance can notify the Chairman of the High Council of the necessity to dismiss the said member from the Board of Directors of the Association. The said Council must appoint a successor according to the criteria stipulated in this Articles of Association as soon as possible (maximum within two weeks). The membership of the concerned person in the Board of Directors of the Association shall be considered revoked after the expiration of the said period.

Article 13

The duties and authorities of the Board of Directors are as follows:

1. Implementing the resolutions of the High Council;
2. Preparing and formulating the Association's programs within the framework of policies determined by the High Council;
3. Preparing, formulating, and updating regulations and guidelines subject to this Articles of Association, including the Code of Professional Conduct and financial, transactional, administrative, and employment manuals;
4. Referring disputes to arbitration, any compromise and settlement with the approval of the High Council, and representing the Association in initiating and defending lawsuits for or against the Association in judicial, quasi-judicial, and other legal authorities, with the right of delegation, even repeatedly;
5. Preparing the annual budget;
6. Preparing financial statements and the annual performance report of the Board of Directors for presentation to the Supreme Oversight Board and the High Council;
7. Establishing specialized committees and selecting their members after qualification approval by the High Council, in compliance with Article (17) (g) of this Articles of Association;
8. Preparing the formation, duties, and authorities of specialized committees manual, in compliance with Article (17) (f) of this Articles of Association;
9. Appointing and dismissing staff and determining their salaries and wages;
10. Preparing the detailed organizational structure of the Association.

11. Managing financial, transactional, and employment affairs;
12. Proposing the amount of admission fee as well as fixed and variable membership fees;
13. Entering into any contracts, including purchase, sales, lease, loans, and any other transactions within the scope of activities and approved budget of the Association;
14. Opening bank accounts;
15. Representing the Association before all legal authorities with the right to delegate to others, referring to arbitration, and if necessary, any compromise and settlement;
16. Preparing and approving necessary guidelines for execution of assigned duties, and
17. Ranking audit firms and sole practitioners, based on quality control of work and monitoring their status. The quality control score of audit firms work is determined by the Supreme Oversight Board of the Association.

Article 14

Meetings of the Board of Directors are quorate with the presence of the majority of members, and decisions are valid with the affirmative vote of the majority of the Board members. The internal regulations of the Board of Directors are prepared by the Board and approved by the High Council.

Article 15

Specialized committees formed with the members of the Association include the following:

1. Quality Control,
2. Technical,
3. Laws and Regulations,
4. Code of Professional Conduct,
5. Education and Training;

6. Audit Firms,
7. Accounting and Auditing Standards,
8. Professional Oversight, and
9. Other necessary committees proposed by the Board of Directors and approved by the High Council.

Note (1): These committees have a technical and specialized nature, and their opinions are advisory. They operate under the relevant governing bodies and based on the regulations of this Articles of Association.

Note (2): Members of the specialized committees of Quality Control and Code of Professional Conduct should not have had any auditing or statutory examination responsibility of companies in audit firms since two years prior to the date of their selection. Also, these members should not be shareholders or partners in audit firms.

Note (3): Members of the specialized committees of Quality Control and Code of Professional Conduct cannot review the following matters:

- (a) If there is a family membership or close family relationship of up to the third degree in any class between the committee member and any of the managers, partners, or auditors of the audit firms or sole practitioners.
- (b) If the committee member is the guardian or employer of any of the managers, partners, or auditors of the audit firms or sole practitioners, or if any of them is the agent or custodian of the affairs of the committee member or his/her spouse.
- (c) If the committee member or his/her spouse or children are heirs of any of the managers, partners, or auditors of the audit firms or sole practitioners.
- (d) If the committee member or his/her spouse or children have a personal interest in the subject matter under consideration.

- (e) If the committee member has an employment relationship, whether permanent, temporary, consultancy, etc., with the audit firms.

C) Supreme Oversight Board

Article 16

The Supreme Oversight Board consists of one Chairman and two members who, based on the following criteria, are selected from among certified public accountants by the Minister of Economic Affairs and Finance for a two year full-time term of office. Re-appointment for subsequent terms is permissible:

- (a) Good reputation and practical commitment to the Islamic principles;
- (b) Loyalty to the Constitution of the Islamic Republic of Iran;
- (c) Having at least ten years of managerial experience in the fields of auditing, finance, financial services, and system design;
- (d) Iranian nationality;
- (e) No effective criminal convictions or any conviction leading to deprivation of social rights;
- (f) Not having any adverse professional, financial, or administrative records;
- (g) Not having benefited from the exemption from the examination, subject of paragraph of Article (3) (g) of the Qualification Assessment Manual, related to managers of executive bodies.
- (h) Neither the members nor their spouses or children have a personal interest in the subject matter under consideration.;
- (i) Members do not have any employment relationship, whether permanent or temporary, consultancy, etc., with the audit firm.

Note (1): The three members of the Board, as described in the body of Article (16) of this Articles of Association, shall not have had any responsibility for auditing and statutory examination in

audit firms since two years prior to the date of their selection and, also, shall not have any family membership or close family relationship with shareholders or partners, managers, and auditors of audit firms or sole practitioners.

Note (2): All members of the Supreme Oversight Board, during their tenure and up to two years after, cannot act as auditors or statutory examiners of companies, or be shareholders or partners, managers, and auditors of audit firms or sole practitioners, and shall not have any family membership or close family relationship with them.

Article 17

The Supreme Oversight Board has the following duties to ensure compliance with relevant regulations and ascertain the adequacy of professional Oversight:

- (a) Examining and expressing an opinion on the accuracy of information contained in the annual performance reports of the High Council and the Board of Directors;
- (b) Examining and expressing an opinion on the financial statements and annual performance report of the Association prepared by the Board of Directors;
- (c) Supervising the activities of the Association to ensure the proper execution of affairs.
- (d) Supervising the professional activities of the Association's members referred by the Minister of Economic Affairs and Finance or the Association's High Council, or at the discretion of the Supreme Oversight Board, to ensure appropriate quality of professional services;
- (e) Supervising the elections of the Association's High Council and General Meeting;

- (f) Preparing, compiling, and updating disciplinary and professional supervision manual and the Code of Professional Conduct within the framework of standards issued by competent legal authorities;
- (g) Appointing members of the preliminary disciplinary boards and members of the Quality Control and Code of Professional Conduct committees;
- (h) Quality control of audit files of audit firms, reviewing complaints from the Association's governing bodies, and supervising the ranking scores of audit firms;
- (i) Determining the remuneration of members of the preliminary disciplinary boards, the Quality Control and Code of Professional Conduct committees.

Note(1): If the Supreme Oversight Board, in the course of performing its duties, encounters cases of violations by the Association's members or non-compliance with the Association's regulations, it shall refer the matter within ten days, to the preliminary or high disciplinary boards as applicable for review and issuance of a verdict.

Note(2): Requests for reconsideration of verdicts issued by the preliminary disciplinary boards for the Association's members, as mentioned in Note (1) to this Article, can be presented to parallel boards or the High Disciplinary Board after approval by the Minister of Economic Affairs and Finance.

Article 18

The Supreme Oversight Board may, in the execution of its duties, utilize the services of certified public accountants-both practicing and non-practicing - and member firms and other non-financial experts. The remuneration guidelines for these individuals shall be proposed by the Supreme Oversight Board and approved by the Minister of Economic Affairs and Finance.

Article 19

The salaries and wages of the Chairman and members of the Supreme Oversight Board shall be equivalent to that of the C.E.O. and members of the Board of Directors, respectively.

Article 20

The Secretariat of the Supreme Oversight Board is managed under the supervision of its Chairman. The organizational structure of the Secretariat shall be proposed by the Supreme Oversight Board and approved by the Minister of Economic Affairs and Finance.

Article 21

All expenses of the Supreme Oversight Board and related expenses of Articles (18) and (20) of this Articles of Association shall be born and paid from the Association's budget. Each year, the Board of Directors shall include the expenses of the Supreme Oversight Board in the Association's budget and submit it for approval to the Minister of Economic Affairs and Finance.

Article 22

The Board of Directors, the Chairman of the Board and C.E.O. of the Association, certified public accountants, and member firms shall provide the necessary facilities and assistance for the execution of the Supreme Oversight Board's duties, and provide all requested information, documents, and records to them or their representatives.

Article 23

The Supreme Oversight Board shall continuously publish its performance reports, in addition to submitting them to the Minister of Economic Affairs and

Finance, on the website of the Iranian Association of Certified Public Accountants.

Article 24

The manual of the manner in which the Supreme Oversight Board performs its duties shall be prepared by the said Board and approved by the Minister of Economic Affairs and Finance.

Section Three

Audit Firms

Article 25

An audit firm is an institution established for the purpose of performing auditing services, statutory examinations, and other specialized and professional services listed in Article (1)(d) of this Articles of Association, by at least three practicing certified public accountants under the following conditions:

1. After obtaining a license for establishment from the Association, the audit firm shall be registered as a non-commercial for-profit institution according to the regulations.
2. The name of each audit firm shall include the phrase "**Audit Firm**", and following the name of the firm, the phrase "**Certified Public Accountants**" shall be stated.
3. The partners of an audit firm shall be exclusively engaged full-time in professional work in that firm. These partners shall have at least three years of full-time work experience at the Audit Manager level in member firms of the Association or the Audit Organization. Certified public accountants whose experience at the audit manager level is less than the required period in this Article can complete it by full-time employment in audit firms. The

criteria for fulfilling the conditions for audit manager and their employment shall be determined by the High Council.

4. The partners of an audit firm are jointly and severally liable for the activities of the firm and to third parties.

Note (1): The activities of audit firms include provision of the services mentioned in this Article and valuation of shares and partnership interests, and financial arbitration, in compliance with relevant laws and regulations, and their engagement in other activities is prohibited.

Note (2): The condition of private ownership by partners shall not be applied, as an exception, in the cases of Mofid Rahbar Audit Firm and the Audit Firm of the Ministry of Defense and Armed Forces Logistics (a non-governmental institution under the supervision of the General Staff of the Armed Forces), and also Matin Mohaseb Novin Audit Firm, provided that all other regulations are observed and professional matters are conducted through certified public accountants.

Note (3): Performing activities as an official expert of the judiciary in related fields by members of the Association who are official judicial experts is exempted from the full-time service limitation in the audit firm mentioned at the beginning of paragraph (3) of this article.²

Note (4): The partners of the firm, sole practitioners, those employed in audit firms, and non-practicing certified public accountants are not permitted to participate in or have any direct or indirect interests in another audit firm that is engaged in specialized and professional services or other services specified in Article (1) of this Articles of Association.

Note (5): Sub-contracting (second-hand) the work mentioned in Article (1) (d) of this Articles of Association by member firms and sole practitioners is prohibited. However, such contracts by the

² Notes (2) and (3) were amended according to the resolutions dated 8 August 2001, 25 October 2006, 5 July 2015, and 19 December 2018 of the Council of Ministers.

Audit Organization within the framework of its legal Articles of Association with the said natural and legal persons is considered first-hand contract.

Article 26

The Articles of Association of each audit firm shall be prepared in accordance with all of the stipulated provisions of the sample Articles of Association, which shall be proposed by the Association's Board of Directors, approved by the High Council. Such Articles of Associations shall be registered after approval by the Chairman of the Board and C.E.O. of the Association. The Registrar of Companies shall only register any such firm under "**Audit Firm**" title that have license for establishment from the Iranian Association of Certified Public Accountants.

Note: The financial statements of each audit firm shall be audited by another audit firm, and within four months after the end of the financial year. The audited financial statements shall be submitted to the Association by the audited firm. Selecting firms as auditors reciprocally and for more than two consecutive years is not permitted. The guideline for the audit fee of this note shall be prepared by the Board of Directors and communicated for implementation.

Article 27

Audit firms are required to comply with all relevant legal regulations and those established by the Association regarding the formation, administration, and manner of operation of audit firms.

Note (1): Member firms as well as sole practitioners, shall submit contract information of Article (1) activities within one week after concluding the contract to the Association's Secretariat and obtain

a receipt in the manner determined by the Association's High Council.

Note (2): Individual practicing certified public accountants shall also comply with the regulations set by the Association regarding their manner of operation. They are not allowed to be partners of or employed by audit firms, whether members or non-members of the Association.

Note (3): Professional cooperation agreements by member firms of the Association and member firms with international audit firms is subject to the Article (28) of this Articles of Association manual.

Note (4): In order to exercise professional supervision, sole practitioners and member firms of the Association shall continuously send a copy (hard copy or electronic form) of their audit reports—including audits of financial statements, tax audits, special audits, and share valuations—to the Association within one week after their issuance date.

Note (5): The Association's Board of Directors shall establish an information database accessible to the public, including the name of the economic entity, financial year, name of the auditor and statutory examiner, and general and public information related to financial reports that can be published, and update the said information in the Association's electronic system in such a way that it is accessible to all users.

Article 28

The executive manual of this section shall be prepared by the Board of Directors and approved by the High Council of the Association.

Section Four

Professional Supervision

Article 29

To ensure enhancement of the quality of professional services of members, coordination in auditing and statutory examination methods, improvement of the quality of reports by certified public accountants and audit firms, prevention of behavior inconsistent with professional conduct, and the necessity for members to undergo continuous training programs, as well as compliance with relevant legal regulations including the provisions of this Articles of Association and its manuals and guidelines, the Association shall have continuous supervision over the professional work of certified public accountants and audit firms. Specialized committees and Superme Oversight Board may review the files, information, and documents of audit firms and sole practitioners at their premises or at the Association's premises.

Note (1): The Association's supervision over the professional activities of members is carried out through relevant specialized committees under the supervision of competent governing bodies of the Association. Certified public accountants and audit firms are required to provide the committees files, information, and documents for their review. These specialized committees are responsible for examining, reviewing, expressing opinions, and providing appropriate reports to the competent governing bodies of the Association.

Note (2): All information, documents, and files mentioned in this article are considered confidential and are entrusted to the members of the committees and their agents. Their contents may only be disclosed to regulatory bodies.

Note (3): Supervision by the Superme Oversight Board does not preclude supervision by other governing bodies over the Association's members.

Article 30

Members are required to comply with the Association's regulations and adhere to the guidelines and notices issued by the competent governing bodies of the Association regarding the remedying professional performance gaps of members. The results of the review of member's non-compliance with this section's rules shall be referred to the disciplinary boards.

Article 31

The Board of Directors shall publish at least once a year, based on the Professional Supervision manual, the results of supervision over the professional activities of practicing members on the Association's web – site in accordance with the Supreme Oversight Board point of view. This review includes monitoring the status (of audit firms) and quality control of audits.

Section Five

Disciplinary Boards

Article 32

To address disciplinary violations by members of the Association concerning relevant regulations, Preliminary Disciplinary Boards and High Disciplinary Board are established.

Note (1): Preliminary Disciplinary Boards are formed as many as need be.

Article 33

Each Preliminary Disciplinary Board consists of three members and one alternate member, who are appointed by the Supreme Oversight Board for a term of three years. Changing any of the members of these boards before the end of their tenure is done solely by two third votes of the Supreme Oversight Board members.

Note (1): The alternate member performs duties in the absence of any member and has the same duties, authorities, and responsibilities as that member.

Note (2): Members of the Preliminary Disciplinary Boards shall be selected from among non-practicing certified public accountants, and none of them can be a member of more than one disciplinary board.

Note (3): The Chairman of each Preliminary Disciplinary Board is appointed by the Supreme Oversight Board.

Note (4): Reappointment of the above-mentioned board members is permissible.

Note (5): Meetings of the Boards are at quorum with presence of all members, and decisions are valid with a majority vote. The minority opinion shall be recorded in the minutes.

Note (6): Members of the Disciplinary Boards are subject to Note (3) of Article (15) of this Articles of Association.

Article 34

The High Disciplinary Board consists of three members and three alternate members. This board is formed with the following composition:

1. One non-practicing certified public accountant (who has not had auditing or statutory examination responsibilities in audit firms and has not been a partner or shareholder in audit firms since two years prior to the date of selection) selected by the Supreme Oversight Board.
2. One non-practicing certified public accountant (with the same conditions as above) selected by the Minister of Economic Affairs and Finance.
3. One legal expert selected by the Minister of Justice.

Note (1): The Minister of Economic Affairs and Finance, the Minister of Justice, and the Supreme Oversight Board shall each

appoint one alternate member, as applicable—with the same conditions stipulated in the above paragraphs for members.

Note (2): The alternate member performs duties in the absence of any member and has that same authorities and responsibilities as the member. Each alternate member acts in place of the corresponding member, as applicable.

Note (3): Certified public accountant members of the High Disciplinary Board are not to be members of the Preliminary Disciplinary Boards.

Note (4): The Chairman and Vice-Chairman of the High Disciplinary Board are appointed by the Minister of Economic Affairs and Finance.

Note (5): The term of office for the members of the High Disciplinary Board (principal and alternate) is three years, and reappointment is permitted. The said board members continue the work until new members are elected.

Note (6): Members of the High Disciplinary Board or their spouses or children shall not have a personal interest in the subject matter under consideration.

Note (7): Members of the High Disciplinary Board shall not have any employment relationship, whether permanent, temporary, consultancy, etc., with any audit firm.

Article 35

Members of High Council, Board of Directors, Supreme Oversight Board and the specialized committees subject to Article (15) of this Articles of Association are not to be members of the High Disciplinary Board or the Preliminary Disciplinary Boards.

Article 36

Disciplinary penalties for members are as follows:

1. Warning without record in the file.
2. Reprimand with record in the file.
3. Prohibition from entering into any contracts for professional and specialized services and accepting statutory examination and auditing responsibilities for a specified period.
4. Suspension of membership for up to one year.
5. Suspension of membership from one to five years.
6. Expulsion from the Association.

Note (1): The Preliminary Disciplinary Boards, by inviting the accused and conducting necessary investigations, issue the appropriate verdict. The verdicts issued by the Preliminary Disciplinary Boards regarding penalty items 1 and 2 are final and not subject to appeal.

Note (2): Regarding the disciplinary penalty items (3) to (6) of this Article, after the verdict is issued by the Preliminary Disciplinary Board, the Chairman and CEO is to communicate that verdict to the accused. The accused may request an appeal within one month from the date of notification and submit their defenses in writing to the High Disciplinary Board.

Note (3): The Chairnman and CEO may also request an appeal of the said verdict within the stipulated period in Note (2) and submit it in writing to the High Disciplinary Board.

Note (4): The High Disciplinary Board, by inviting the accused and after conducting necessary investigations, issues the appropriate verdict. This verdict is final and enforceable regarding the disciplinary penalty items (3) and (4) of this Article. Failure to submit defenses in due time or absence of the accused in the hearings does not preclude the issuance of the verdict. Finalization of the verdict issued concerning disciplinary penalty items (5) and (6) is subject

to the approval of the Minister of Economic Affairs and Finance. If the Minister overturns the High Disciplinary Board's verdict, he refers the matter and related file to the Qualification Assessment Board for a final decision.

Note (5): Paragraphs "c" and "d" of Article (2) of the Qualification Assessment Manual are implemented only after referral by the Minister of Economic Affairs and Finance (as mentioned in Note 4 above).

Note (6): If the accused or the chairman and CEO of the Association submits a written objection to the verdicts issued by the Preliminary Disciplinary Board-regarding the penalty` items (3) to (6) of Article (36) of this Articles of Association-within one month from the date of notification, the matter can be brought before the appellate authority; otherwise, the issued verdicts become final and enforceable after the expiration of the said period. In case of objection within the stipulated period, the related file will be sent to the High Disciplinary Board.

Note (7): The Disciplinary Boards shall determine the procedures for result of the ongoing works of the offending member in the verdicts issued related to items 3 to 6 of this Article. If the verdict is to complete the ongoing works by the offender, the chairman and CEO of the Association shall apply special supervision over the process of completing the ongoing works.

Note (8): The chairman and CEO of the Association shall immediately inform the Iranian National Tax Authority, the Securities and Exchange Organization, and the contracting parties of the offending member (whose contracts have been submitted to the Association) by registered mail. The names of persons subjected to disciplinary penalty items (3) to (6) of this Article, in addition to the provisions stated in the latter part of Article (58) of this Articles of Association.

Note (9): If the chairman and CEO of the Association, the Supreme Oversight Board, and the High Disciplinary Board become

aware of a related crime in the course of performing their duties and reviewing the professional activities of certified public accountants, they are obligated, in addition to other actions prescribed in this Articles of Association, to report the matter to judicial authorities through the Chairman and CEO of the Association.

Article 37

Addressing disciplinary violations by members of High Council is exclusively within the jurisdiction of High Disciplinary Board, and this Board independently reviews and issues the final and definitive verdict.

Article 37 Bis

Resolutions of the High Council and the Board of Directors that are contrary to the regulations are nullified upon declaration by the Supreme Oversight Board and the approval of the Minister of Economic Affairs and Finance.

Article 38

Resignation of members from the Association does not preclude the investigation and imposition of disciplinary actions against the offending member.

Article 39

Those members of the Association who are definitively sentenced to penalty items (4), (5), and (6) of Article (36) of this Articles of Association cannot hold membership in the Association's governing bodies for a period of four years, ten years, and permanently respectively.

Article 40

Requests for readmission by persons whose title of certified public accountant is revoked cannot be brought before the Qualification Assessment Board for a period of five years.

Article 41

The manual of this section, containing the procedures for the Boards' proceedings, determination of types of disciplinary violations commensurate with penalties, and other related matters, shall be proposed by the Supreme Oversight Board and approved jointly by the Ministers of Economic Affairs and Finance and Justice.

Section Six

Financial Regulations

Article 42

The Association's revenues are as follows:

1. Admission fees from members.
2. Membership fees (fixed and variable).
3. Educational and research programs, conferences, and publications income.
4. Voluntary donations and gifts from individuals.

Note (1): The amount of admission and membership fees is collectible after the supervision stipulated in Articles (51), (52), and (53) is applied.

Note (2): Receiving voluntary donations and gifts is permissible upon the approval of the High Council.

Note (3): The amounts paid by members and other individuals under this Article are considered tax-deductible expenses for them.

Article 43

The Association's expenses and payments are made within the framework of the approved budget and in compliance with the provisions of this Articles of Association and related regulations.

Article 44

All financial and binding documents, opening bank accounts, and withdrawals from them shall be jointly signed by the Chairman and CEO and one of the Board members. In the absence of the Chairman and CEO, the joint signature of two members of the Board of Directors-one nominated by the Chairman and CEO-is valid.

Article 45

The Association's fiscal year starts on the first of Farvardin (March 21) each year and ends at the end of Esfand (March 20) of the same year. The first financial period of the Association begins from the date of its establishment.

Article 46

In case of dissolution of the Association, the surplus of assets over liabilities shall be transferred, according to the Minister of Economic Affairs and Finance discretion, to the country's non-profit scientific and cultural institutions.

Section Seven

Financial Statements and Annual Reports of the Association

Article 47

The Board of Directors shall present the Association's financial statements and its annual report to the Supreme Oversight Board and the Minister of Economic Affairs and Finance no later than two months after the end of the fiscal year.

Article 48

The Supreme Oversight Board is required to, within one month from the date of receiving the financial statements and the Board of Directors' report, submit its audit report in accordance with the provisions of paragraphs (a) and (b) of Article (17) of this Articles of Association to the High Council and the Minister of Economic Affairs and Finance.

Article 49

The High Council shall decide about the financial statements and the Board of Directors' report no later than one month from the date of receiving the Supreme Oversight Board's report.

Article 50

Summaries of the High Council and the Board of Directors resolutions shall be appropriately communicated to the Association's members and the Minister of Economic Affairs and Finance.

Section Eight

Public Oversight

Article 51

The High Council and the Supreme Oversight Board shall, as applicable, submit the followings to the Minister of Economic Affairs and Finance for approval:

- (a) Professional Supervision manual and Code of Professional Conduct, in compliance with paragraph (c) of Article (17) of this Articles of Association.
- (b) The amount of admission fees and fixed and variable membership fees, subject matter of paragraph (13) of Article (8) of this Articles of Association.

Article 52

The Minister of Economic Affairs and Finance shall, within a maximum period of one month from the date of receipt, review the items mentioned in Article (51) and identify any inconsistencies with the country's current laws and regulations, and communicate them specifying reasons to the Supreme Oversight Board or the High Council of the Association. If there are no such inconsistencies, the absence of inconsistencies shall be communicated by the Minister to the Supreme Oversight Board or the High Council within the said period. If no view is expressed within that period, it shall be deemed as his agreement, and the resolution of the Supreme Oversight Board or the High Council shall be enforceable.

Article 53

The High Council shall resolve the inconsistencies identified by the Minister of Economic Affairs and Finance and send it back to him for reconsideration in accordance with Article (52). In any case, rectifying the mentioned inconsistencies by the High Council is mandatory.

Article 54

In cases where the Minister of Economic Affairs and Finance believes or becomes of financial, administrative, disciplinary violations or other professional misconduct related to the duties and responsibilities of the members of the Board of Directors, the Disciplinary Boards, the High Council, the Supreme Oversight Board or other members of the Association, he shall refer the matter to competent legal authorities for investigation and follow it up.

Section Nine

Issuance of License for Certified Public Accountant

Article 55

The Qualification Assessment Board , after confirming the qualifications of certified public accountants, shall introduce them in writing to the Chairman and CEO of the Association for issuance of photo-bearing identification cards for them

Article 56

Certified public accountants must have photo-bearing identification cards. The practice of each certified public accountant in specialized and professional services referred to in paragraph "d" of Article (1) is contingent upon holding a valid Practicing Certificate issued by the Association.

Article 57

The Chairman and CEO of the Association shall issue a photo-bearing identification card for each certified public accountant referred to in Article (55). The validity period of the identification card and the certificate referred to in Article (56) is four years and is renewed every four years.

Note (1): The Qualification Assessment Board, in implementing paragraph "b" of Article (2) of the Qualification Assessment Manual, shall obtain the Associations view and act accordingly.

Note (2): If the Qualification Assessment Board does not approve certain certified public accountants as required by note 1 above, it shall notify their list in writing to the Chairman and CEO of the Association.

Article 58

In the Iranian month of Dey (December-January) each year, the Chairman and CEO of the Association shall publish the list of all certified public accountants, practicing and non-practicing, in the Official Gazette and at least one widely circulated newspaper. The names of those expelled or suspended during the year shall be immediately communicated to the public, the Minister of Economic Affairs and Finance, the Association's governing bodies, and the Qualification Assessment Board through the aforementioned channels.

Section Ten

Miscellaneous Provisions

Article 59

The Iranian Association of Certified Public Accountants is a professional and non-political association and is considered one of the professional associations referred to in paragraph (4) of Article (2) of the Direct Taxation Act-ratified in 1987.

Article 60

The responsibility for compensating any damages caused to third parties from the provision of specialized and professional services by members lies with the relevant member. Regarding audit firms, if the firm's assets are insufficient to compensate the damages, the partners of the audit firm are jointly and severally liable for compensating the remaining damages.

Article 61

The non-executive membership of practicing certified public accountants in the High Council, the Supreme Oversight Board, the High Disciplinary Board, and the Association's specialized committees is not considered part of the specialized and professional services referred to in paragraph "d" of Article (1) of this Articles of Association.

Article 62

Practicing certified public accountants employed by the Audit Organization or audit firms or sole practitioners are not permitted to individually provide independent specialized and professional services separate from the said organization, firms, and persons. Failure to comply with this provision is considered a violation.

Article 63

The allowable limit of providing specialized and professional services by members, proportional to the experience and expertise of certified public accountants, the composition and number of staff and their other conditions, as well as the method of fees determination for professional services shall be according to manuals that will be proposed by the Association's High Council and approved by the Minister of Economic Affairs and Finance. The said manuals shall include the needed criteria for ranking practicing certified public accountants and member firms of the Association.

Article 64

The non - justified absence of any member of the High Council in three consecutive meetings-confirmed by at least six members of the High Council-is considered their resignation from membership in the relevant governing body.

Article 65

Those provisions of the Qualification Assessment Manual that conflict with the regulations of this Articles of Association are annulled.

Article 66

The Articles of Association of the Association shall be amended as follows, If necessary:

- (a) Upon proposal by High Council, approval by Minister of Economic Affairs and Finance, and ratification by the Council of Ministers, or
- (b) Proposal by the Minister of Economic Affairs and Finance and ratification by the Council of Ministers.