

Society of Financial Examiners

BYLAWS

ARTICLE I

NAME, LOCATION AND DEFINITIONS

- **SECTION 1. Name**¹
The name of the corporation is the Society of Financial Examiners (“the Society”); a non-profit corporation in the District of Columbia.
- **SECTION 2. Offices**²
The principal office of the Society shall be in such place as the Board of Governors may designate from time to time.
- **SECTION 3. Definitions**³
Whenever used in these bylaws:

“Society” shall mean the Society of Financial Examiners.

“Agency” shall mean any (domestic or foreign) governmental unit, department, agency or operation of a state, territorial, commonwealth or federal nature having supervisory or regulatory authority. Agency shall include the Federal Home Loan Bank Board, Federal Home Loan Banks, the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union Administration and the Federal Reserve System or their foreign counterparts; it shall also include the National Association of Insurance Commissioners (“NAIC”).

“Financial Examiner” shall mean any person, hereinafter also referred to as “the member,”; -directly or indirectly employed by an agency for the primary professional purpose of participating in the financial examination, financial analysis -or rating analysis of the condition of any financial institution, or for the direct and/or indirect supervision of financial examiners. The term, “Financial Examiner” shall include any employee of the NAIC whose duties require utilization of knowledge and skills substantially similar to those of a Financial Examiner described above and whose duties are substantially similar.

¹ Amended August 9, 2004 by SOFE membership

² Amended August 9, 2004 by SOFE membership

³ Amended January 27, 1988 by Board of Governors; Amended July 14, 1991 by Board of Governors; Amended April 22, 1992; Amended August 9, 2004 by SOFE membership; Amended January 5, 2006 by SOFE membership

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~~“Financial Institution”~~ shall mean any organization operating as a bank, savings and loan, credit union or insurance company.

~~“Accredited Financial ExaminerMembership”~~ or ~~“Certified Financial ExaminerMembership”~~ shall mean a general member of the Society who has obtained through experience, training and education, a degree of competence considered sufficient by the Society to merit the title granted to the member ~~“Accredited Financial Examiner”~~ or ~~“Certified Financial Examiner”~~ (as outlined in Article III, Sections 23. and 34. of these bylaws).

o **SECTION 4. Motto**

The motto of the Society shall be: ~~“Dedicated to professionalism in the public interest.”~~

ARTICLE II

OBJECTIVES

o **SECTION 1. Objective - For which the Corporation is organized**⁴

The purposes and objectives of the Society as subscribed to by its members are as follows:

1. To establish a high level code of professional standards for members engaged in the examination or analysis of financial institutions.
2. To promote uniform ethical standards that will engender employer and public confidence and allow that those interested to identify professionally qualified practitioners.
3. To promote and enforce minimum requirements of conduct, training, and expertise for members engaged in financial examination, financial analysis or rating analysis ~~work~~.
4. To continually develop education and training programs modeled to the Financial Examiner's specialized field.
5. To obtain nationwide recognition and respect for members upon whom the Society has ~~bestowed the title of Accredited Financial Examiner and Certified Financial Examiner~~ granted designations.
6. To educate the public about the value of highly trained professional Financial Examiners who hold ~~the title Accredited or Certified Financial Examiner~~ designations granted by the Society.
7. To provide the mutual benefits usually available to members of a large organization.
8. To actively- promote the general and specific interests of all ~~Financial Examiners~~ members of the Society.

⁴ Amended August 9, 2004 and January 5, 2006 by SOFE membership

At no time shall the Society take or fail to take any action either directly or indirectly that creates the perception that the Society acts as the representative of its members with respect to any aspect of a member's employment relationships.

- **SECTION 2. Statement of Purpose Not to Limit Powers**⁵
The purposes continued in these bylaws shall be construed as both objectives and powers and the inclusion of specific purposes shall not be held to limit or restrict the powers of this Society in any manner.

ARTICLE III

MEMBERSHIP⁶

Only General, Accredited and Certified members shall be entitled to vote and to receive all other benefits and rights normally accrued to members. All other classes of membership shall only have those rights as shall be specifically granted to each in this Article.

- **SECTION 1. General Membership**⁷
General Membership shall be open to individuals who are or have been ~~financial examiners engaged in the regulation of financial institutions~~ and have demonstrated qualities of honesty, trustworthiness and fitness as members of the profession and have not been found guilty of any conduct involving dishonesty, fraud, deceit or misrepresentation.

General Members shall be ~~entitled eligible~~ to serve on any committee except ~~permanent Standing C~~committees, but may not ~~be designated serve~~ as chair of a committee other than a state committee nor serve as a Governor of the Society.

- **SECTION 2. Regulatory Membership**
~~Regulatory Membership shall be open to individuals who are honorable persons of good moral character, and who are employed by a unit of government, or other Agency, but have not been Financial Examiners.~~

~~Regulatory members shall be eligible to serve on all committees, except permanent committees, but may not serve as chair of any committee nor serve as a Governor of the Society.~~

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⁵ Amended August 9, 2004 by SOFE membership

⁶ Amended April 5, 1983; Amended August 9, 2004 by SOFE membership

⁷ Amended January 27, 1988 and July 14, 1991 by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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- **SECTION 23. Accredited Membership**⁸
Accredited Membership ~~and the title of "Accredited Financial Examiner (AFE)" or other designations as specified by the Society~~ shall be bestowed upon financial examiners granted to General Members who ~~are general members in good standing, and who have met~~ the specified educational, experience and approval criteria as determined by the Board of Governors ~~and these or pursuant to these~~ bylaws.

Accredited Financial Examiners shall be ~~entitled-eligible~~ to be chair of all committees ~~other than except permanent Standing c~~Committees, but may not serve as a Governor of the Society.

- **SECTION 34. Certified Membership**⁹
Certified Membership ~~and the title of "Certified Financial Examiner (CFE)" or~~ other designations as specified by the Society shall be bestowed upon ~~Accredited Members in good standing granted to~~ Accredited Members who have met ~~the specific~~ educational, experience and approval criteria as determined by the Board of Governors ~~and these or pursuant to these~~ bylaws.

Certified ~~Financial Examiners~~Members shall be ~~entitled-eligible to be serve as~~ chair of all committees; ~~provided, however, that only Certified Members who are directly or indirectly employed by a unit of government, or other Agency as defined in other than Standing Committees, except as may be otherwise specifically provided for in Article IX of these bylaws, at the time of appointment or election. Only those Certified Financial Examiners directly or indirectly employed by an agency as a financial examiner~~ are eligible to serve as chair of ~~a Standing permanent c~~Committees ~~or and~~ as a Governor of the Society.

- **SECTION 45. Other Types of Membership**¹⁰
 - **Student Membership**¹¹
Student Membership may be awarded to those persons studying at the collegiate level in preparation to become a professional financial examiner. Accepted curriculums include economics, accounting, finance and other similar studies.
 - **Honorary Membership**¹²
Honorary Membership may be awarded to persons not actively engaged in examination, analysis or supervision who have

⁸ Amended January 27, 1988; Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁹ Amended April 11, 1984; Amended July 15, 1986; Amended January 27, 1988; Amended August 9, 2004 and January 5, 2006 by SOFE membership

¹⁰ Amended January 27, 1988

¹¹ Amended January 5, 2006 by SOFE membership

¹² Amended January 5, 2006 by SOFE membership

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rendered distinguished service to the Society or have made substantial contributions in the field of financial examination, financial analysis or rating analysis or to the well being of examiners. _ Honorary Membership is awarded by a two thirds vote of the Board of Governors.

▪ ~~Sustaining Membership~~¹³

~~Sustaining Membership may be awarded to those who wish to support the goals and objectives of the Society through a subscription to the Society's *Examiner* publication.~~

▪ Associate Membership¹⁴

Associate Membership may be awarded to any person who has demonstrated support of the goals and objectives of the Society. An associate member shall be entitled to receive all publications of the Society so long as said membership ~~shall be~~ in good standing.

▪ Institutional Membership¹⁵

Institutional ~~membership~~ Membership may be awarded to any company or firm who has demonstrated support of the goals and objectives of the Society. _ An institutional member shall be entitled to receive all publications of the Society and to take advantage of membership discount privileges so long as said membership ~~shall be~~ in good standing.

▪ Other Membership

Any other membership as defined by these bylaws.

○ **SECTION 56. Annual Renewal**¹⁶

Student, Honorary, ~~Sustaining, and~~ Associate and Institutional Memberships shall be renewable annually at the sole discretion of the Board of Governors at its first meeting immediately following the annual meeting of members.

○ **SECTION 67. Resignation, Suspension or Expulsion**¹⁷

Any member may resign by sending a written resignation to the Executive Director of the Society. _ The resignation shall be presented to the Board of Governors at its next meeting. _ Resignations will be effective upon fulfillment of all obligations at the date of withdrawal. _ Interests of the member in the Society and the right to use any designation or title bestowed by the Society shall cease upon termination of membership.

Any member may be sanctioned for making a false statement in connection with the member's application for membership; for failure to

¹³ Amended April 5, 1983; Amended January 27, 1988; Amended January 5, 2006 by SOFE membership

¹⁴ Amended May 1, 1985; Amended January 27, 1988

¹⁵ Amended April 15, 1993

¹⁶ Amended January 27, 1988

¹⁷ Amended July 14, 1991 by Board of Governors; Amended April 14, 1993; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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adhere to the standards required for general membership (as stated in Section 1 of this Article); or for failure to adhere to the Code of Ethical Conduct of the Society.

Actions for disciplinary sanction may be brought before the Board only by a member of the Professional Standards Committee. Before bringing such an action the Professional Standards Committee must comply with the requirements set forth in Article IX, Section 1. The committee must make findings about the charges against the member; and recommend a sanction or combination of sanctions.

Such recommended sanctions may include the following: expulsion from membership; suspension from membership; probation (which may impose terms or conditions required to be met by the disciplined member during the period of probation); monetary fines; orders to pay costs of disciplinary action; reprimand; or any other form or nature of sanction the Committee deems appropriate. The sanctions shall become effective upon an affirmative vote of a majority of the Board of Governors. Before adopting any sanction, the Board of Governors, by a majority vote, may remand the action back to the Committee for additional findings concerning any exculpatory or exonerative evidence not addressed in the Committee's original findings. The Committee shall report any additional findings to the Board of Governors who may then adopt sanction(s), no more severe than those recommended by the Committee.

Membership shall be automatically suspended in the event that any member: is indicted for a felony involving dishonesty, fraud, deceit or misrepresentation; is named a defendant or respondent in any civil action involving financial dishonesty or breach of trust; or is named a defendant or respondent in any administrative proceeding in which the member is charged with engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation. If the member is found to have engaged in conduct involving dishonesty, fraud, deceit or misrepresentation, the member shall be automatically expelled from the Society.

- **SECTION 67.a. Reinstatement**¹⁸
The Board of Governors may reinstate any Accredited or Certified member who has been terminated for non-payment of dues if such person pays the dues in arrears together with current dues and any applicable application processing fee. Persons seeking reinstatement must be in compliance with the general membership standard as specified in Section 1 of this Article and must have complied with the Society's Code of Ethical Conduct.

¹⁸ Amended July 12, 1998 and July 14, 1991 by Board of Governors; Amended January 5, 2006 by SOFE membership

- **SECTION 78. Terms of Accreditation and Certification**¹⁹
Any member who has satisfactorily met the necessary requirements of Accredited Member or Certified Member ~~necessary to receive the designated title "Accredited Financial Examiner" or "Certified Financial Examiner"~~ shall be authorized by the Society to use ~~this the granted~~ title "Accredited Financial Examiner" or "Certified Financial Examiner" only during such time as the member remains in good standing with the Society.

ARTICLE IV

DUES

- **SECTION 1. Fiscal Year - Audit**²⁰
The fiscal year of the Society shall be from January 1 of each year to December 31 of each year. An audit of the books and records shall be made for each fiscal period by a Certified Public Accountant selected by vote of the Executive Committee. A copy of the audit shall be submitted to the Board of Governors and shall be available for inspection by any member.
- **SECTION 2. Dues**²¹
Membership in the Society shall be for the period coinciding with the fiscal year of the Society. However, a member's initial period of membership shall commence with the date of receipt of a properly completed application accompanied by payment of dues. Dues for all classes of membership shall be established by the Board of Governors and shall become effective with the first membership period following such determination.
- **SECTION 3. Dues Delinquency**²²
Unless the Executive Committee otherwise determines, all dues shall be due and payable in advance, on the first day of the fiscal year of the Society. If a member's dues are in arrears more than 90 days, the membership and all rights thereof, including the right to use any title or designation ~~bestowed-granted~~ by the Society, shall thereafter be automatically terminated, provided that notice of the impending

¹⁹ Amended July 14, 1991 by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

²⁰ Amended April 5, 1983 and July 23, 1997 by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

²¹ Amended April 5, 1983 and July 23, 1997 by Board of Governors; Amended January 5, 2006 by SOFE membership

²² Amended April 5, 1983 and July 23, 1997 by Board of Governors; Amended January 5, 2006 by SOFE membership

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termination shall have been sent to the member's last known address and that the delinquency has not been excused by the Executive Committee or the Board of Governors.

ARTICLE V

MEETINGS

- **SECTION 1. ~~Robert's Rules of Order~~**²³
Meetings of the Society shall be governed by Robert's Rules of Order.
- **SECTION 2. Annual Meeting**²⁴
There shall be an annual meeting of the Society held at such place and time as determined by the Board of Governors. This meeting shall be for the purpose of the election of members to the Board of Governors and for such other business as may be determined by the Board of Governors.
- **SECTION 3. Special Meetings**²⁵
Special meetings may be called by the Board of Governors at any time or may be called by the President within 30 days of a request by ten percent of the Society's members. ~~Such~~ Such a request must be filed with the Executive Director. The business to be transacted at special meetings shall be stated in a special notice and no other business may be considered at that time.
- **SECTION 4. Regional Meetings**²⁶
Regional meetings of the Society may be held at such times and places as shall be approved by the Board of Governors or the appropriate Committee Chair.
- **SECTION 5. Voting of the Membership**²⁷
All ~~regular-General, Accredited and Certified~~ members of the Society, as provided for in Article III, who are in good standing as of 30 days prior to the Annual Meeting, shall be entitled to vote for members to the Board of Governors, either in person or by proxy. If voting by proxy, each proxy shall be in a form issued by the Society and shall be properly signed by the member and dated, but need not be sealed, witnessed or acknowledged. All proxies must be delivered to the Executive Director no later than ten days prior to the Annual Meeting. The Executive Director shall then certify that all proxies have been signed by members in good standing,

²³ Amended January 5, 2006 by SOFE membership

²⁴ Amended April 5, 1983 by Board of Governors; Amended January 5, 2006 by SOFE membership

²⁵ Approved January 5, 2006 by SOFE membership

²⁶ Amended August 9, 2004 and January 5, 2006 by SOFE membership

²⁷ Amended April 5, 1983 by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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shall tabulate the number of proxies, and shall make a report at the beginning of the annual meeting concerning the number of official and certified proxies received.

ARTICLE VI

BOARD OF GOVERNORS

○ **SECTION 1. Authority and Responsibility**²⁸

Except as provided in Article VII, Section 6, the Board of Governors shall consist of not less than 25, nor more than 50 members who shall have supervision, control and direction of the general policies and affairs of the Society, its committees and publications, and shall actively promote its objectives. The Board may adopt motions and regulations for the conduct of its business and may grant or delegate any or all of its authority to the Executive Committee to act on its behalf in the interim between meetings of the Board.

At its meeting immediately following the Annual Meeting of members, the Board of Governors shall establish the principal areas of activity which the Executive Committee should address during its term.

○ **SECTION 2. Election and Terms of the Board of Governors**²⁹

At the Annual Meeting of the Society, the membership shall elect nominees to fill vacancies for those Governors whose terms expire that year. The nominees shall be chosen from among members nominated by the Nominations Committee. Other nominations shall appear on the ballot, provided that a petition has been signed by at least five members of the Society who are Certified ~~Financial Examiners~~Members in good standing and that the petition has been delivered to the Executive Director of the Society at least 45 days before the Annual Meeting.

Each elected Governor shall serve until the conclusion of the fifth Annual Meeting following the time of the member's election and until ~~his~~a successor is elected and qualified. However, the membership may stagger the terms of the members of the Board by electing a nominee to serve until the conclusion of the first, second, third, or fourth Annual Meeting following the member's election. Effective as of the July 2006 election of Governors, in no event shall more than two examiners who are affiliated with the same state insurance department or examination services firm

²⁸ Approved July 24, 1979, by Board of Governors; Amended July 18, 1990, and July 17, 1994, by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

²⁹ Approved July 24, 1979, by Board of Governors; Amended April 11, 1985, July 15, 1986, July 18, 1990, and July 17, 1994, by Board of Governors; Amended August 9, 2004, January 5, 2006 and July 17, 2006 by SOFE membership

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(each a ~~““Representative Entity””~~) serve on the Board of Governors at the same time (the “Prescribed Limit”). If at any election of Governors beginning in July 2006, there are already two or more Governors currently serving on behalf of any single Representative Entity, then no additional nominees affiliated with such Representative Entity shall be elected to the Board of Governors at such election. If at any election of Governors beginning July 2006 there is more than one nominee affiliated with a single Representative Entity, and there are a lesser number of Board positions available to affiliates of such Representative Entity, then the positions open to affiliates of such Representative Entity shall be filled by the nominee (s) of such Representative Entity receiving the greatest number of votes, up to the Prescribed Limit. Only those Certified ~~Financial Examiners~~Members directly or indirectly employed by an Agency as a financial examiner are eligible to serve as a Governor of the Society.

o **SECTION 3. Meetings**³⁰

The Board of Governors shall hold two meetings annually; the first immediately following the Annual Meeting of members and the second promptly preceding the next ~~Annual M~~meeting of members. The Board of Governors may hold such other meetings from time to time as deemed necessary or advisable by the President, or one-third of the entire Board of Governors. Notice of meetings of the Board of Governors, the proposed agenda and copies of all materials necessary for study and action with respect to each agenda item, shall be sent to each Governor at least ten days before the date of such meetings.

o **SECTION 4. Quorum**³¹

One-third of the Governors shall constitute a quorum for the purpose of doing business. Any action receiving a majority vote of those present shall be deemed an affirmative vote of the Society's entire Board of Governors.

o **SECTION 5. Absence**³²

Any member of the Board of Governors who fails to attend at least 50% of the meetings of the Board of Governors during any period between the end of an Annual Meeting of the Society and the end of the 2nd subsequent ~~Annual M~~meeting of the Society shall be deemed to have resigned.

³⁰ Approved July 24, 1979, by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

³¹ Approved July 24, 1979, by Board of Governors; Amended January 5, 2006 by SOFE membership

³² Approved July 24, 1979, by Board of Governors; Amended January 5, 2006 and July 17, 2006 by SOFE membership

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- **SECTION 6. Vacancies**³³
The Executive Committee shall recommend individuals to the Board of Governors or to the membership to fill any unexpired terms occurring on the Board of Governors.
- **SECTION 7. Regions and State Chapters**³⁴
In order to more effectively meet the goals and objectives of the Society, the Board of Governors may authorize the creation of state ~~chapters~~ and regional ~~chapters~~ together with such regional and state officer positions the Board deems essential.
- **SECTION 8. Removal from Office**³⁵
A member of the Board of Governors may be removed by a two-thirds vote of the other members of the Board of Governors. Such a vote can take place at any regular or special meeting of the Board of Governors. Before such a vote may take place notice must be given to all concerned and sufficient cause must be established at a removal hearing. The Board of Governors may adopt such rules for this hearing as it may consider necessary for the best interests of the Society. A Governor may be represented by counsel at any removal hearing.

³³ Approved July 24, 1979, by Board of Governors; Amended January 5, 2006 by SOFE membership

³⁴ Approved July 24, 1979, by Board of Governors; Amended January 27, 1988; Amended January 5, 2006 by SOFE membership

³⁵ Amended August 9, 2004 and January 5, 2006 by SOFE membership

ARTICLE VII

EXECUTIVE COMMITTEE

- **SECTION 1. Authority and Responsibility**³⁶
Except as provided in Section 6 of this Article ~~VII hereof~~, the Executive Committee shall consist of 12 to 15 members of the Board of Governors who shall be vested with the management of the Society and who shall, except where specifically prohibited by either these bylaws or action of the Board of Governors, have the authority to act on behalf of the entire Board of Governors in the interim between meetings of the Board of Governors, except to amend the bylaws or increase or decrease the quorum required for action by the Board of Governors. The Executive Committee may adopt motions and regulations for the conduct of its business subject to the approval of the Board of Governors.
- **SECTION 2. Elections and Terms**³⁷
At each Annual Meeting of the Society, the Board of Governors shall elect the requisite number of Executive Committee members necessary to fill the vacancies for those Executive Committee members whose two-year terms expire at that time. Executive Committee members serve for two years or until their successors are elected by the Board of Governors to take office. In each such case, one of those so elected, if eligible, shall be the immediate past president. The immediate past president shall only serve for a one year term on the Executive Committee and thereafter is ineligible to serve on the Executive Committee for the succeeding two years. Executive Committee members that resign from the Board of Governors or fail to continue to meet the qualifications for membership on the Executive Committee or Board of Governors shall vacate their Executive Committee membership.
- **SECTION 3. Meetings**³⁸
The Executive Committee shall hold meetings quarterly, and at such other times as the President may deem desirable. Meetings may also be called by a majority vote of the Executive Committee. Notice of meetings of the Executive Committee, the proposed agenda and copies of all materials necessary for study and action with respect to each agenda item, shall be sent to each member at least ten days before the date of such meeting. Any action taken by the Executive Committee shall be communicated by the Secretary to the members of the Board of Governors within 30 days of

³⁶ Approved July 24, 1979, by Board of Governors; Amended July 18, 1990, by Board of Governors; Amended August 9, 2004 by SOFE membership

³⁷ Amended July 19, 1983 and July 20, 1983; Amended August 9, 2004 by SOFE membership

³⁸ Approved July 24, 1979, by Board of Governors; Amended August 9, 2004 by SOFE membership

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the meeting. Travel expenses to attend the Executive Committee meetings shall not be reimbursed by the Society.

- **SECTION 4. Quorum**³⁹
One-half of the Executive Committee shall constitute a quorum for the purpose of doing business. Any action receiving a majority vote of those present shall be deemed an affirmative vote of the entire Committee.
- **SECTION 5. Absence**⁴⁰
Any member of the Executive Committee who fails to attend more than 60% of the meetings of the Executive Committee during any period between the end of an Annual Meeting of the Society and the end of the 2nd subsequent ~~Annual Meeting~~ meeting of the Society shall be deemed to have resigned.
- **SECTION 6. Vacancies**⁴¹
The President shall recommend to the Board of Governors for approval and the Board of Governors shall have the authority to approve Certified ~~Financial Examiners~~Members in good standing to fill any unexpired term occurring on the Executive Committee or any vacancy which shall not have been filled as provided in Section 2 of ~~Article VII hereof~~this Article.
- **SECTION 7. Reports to Board of Governors**⁴²
The Executive Committee shall have prepared and the Secretary (or if directed to do so, the Executive Director) shall send minutes of all meetings and actions taken during the prior year to the members of the Board of Governors at least 15 days prior to the Annual Meeting.

ARTICLE VIII

OFFICERS

- **SECTION 1. Officers of the Society**⁴³
At its meeting immediately ~~preceding~~following the Annual Meeting of members, the Board of Governors shall elect incoming officers from among the members of the Executive Committee. They shall serve as officers of the Society, as members of its Board of Governors and as members of its Executive Committee. Officers that resign from the Board

³⁹ Approved July 24, 1979, by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁴⁰ Approved July 24, 1979, by Board of Governors; Amended August 9, 2004, January 5, 2006 and July 17, 2006 by SOFE membership

⁴¹ Amended July 20, 1983 and January 16, 1991; Amended August 9, 2004 by SOFE membership

⁴² Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁴³ Approved July 24, 1979, by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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of Governors or fail to continue to meet the qualifications for membership on the Executive Committee or Board of Governors shall vacate their officer position. Officers shall by virtue of their office be members of the Board of Governors. No officers shall for reason of the office be entitled to receive any salary or compensation.

A. President⁴⁴

The president shall preside at all meetings of members of the Society, the Board of Governors and the Executive Committee; and, with the advice and consent of the Executive Committee, appoint all committee chairs and committee members, and act as spokesman for the Society.

B. Secretary-Treasurer⁴⁵

The offices of Secretary and Treasurer may be combined.

Secretary

The Secretary shall have the usual duties of a Corporate Secretary. The duties of the Secretary may be delegated in part to the Executive Director under the Secretary's direction and under no circumstances would the delegated duties be performed without the express written direction of the Secretary. The Secretary shall keep the minutes and records of the Society in appropriate books. It shall be the duty of the Secretary to file any certificate required by any federal or state statute. The Secretary shall give and serve all notices to members of the Society. The Secretary shall be the official custodian of the records and seal of the Society. The Secretary may be one of the officers required to sign checks and drafts of the Society. The Secretary shall submit to the Board of Governors any communications which shall be addressed to the Secretary of the Society. The Secretary shall attend to the correspondence of the Society and shall exercise all other duties incident to the office of Secretary.

Treasurer

The Treasurer shall be familiar with the financial policies, investment policies, ~~and~~ accounting procedures of the society, and control the financial reporting of the Society. The Treasurer shall consult with the Executive Director and independent auditors on such matters as deemed desirable in order to make a full and complete report at such times as the Board of Governors or Executive Committee may desire. The duties of the Treasurer may be delegated in part to the Executive Director under the Treasurer's direction; however,

⁴⁴ Amended August 9, 2004 by SOFE membership

⁴⁵ Amended August 9, 2004 and January 5, 2006 by SOFE membership

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under no circumstances would the delegated duties be performed without the express written direction of the Treasurer. The Treasurer shall have care and custody of all monies belonging to the Society and shall be solely responsible for such monies or securities of the Society. The Treasurer shall cause to be deposited in a financial institution or institutions the funds of the Society. Certain funds determined by the Board of Governors shall be deposited at interest in a savings bank or other financial institution except that the Board of Governors may cause such funds to be invested in such investments as shall be legal for a non-profit corporation in this state. The Treasurer, or the Treasurer's designee, must be one of the officers who shall sign checks or drafts of the Society. No special fund may be set aside that shall make it unnecessary for the Treasurer to sign the checks issued upon it. The Treasurer shall render at stated periods as the Board of Governors shall determine a written account of the finances of the Society and such report shall be physically affixed to the minutes of the Board of Governors of such meeting. The Treasurer shall exercise all other duties incident to the office of Treasurer.

C. Vice President⁴⁶

Except for the Immediate Past President and General Counsel, the other members of the Executive Committee may be Vice Presidents; each shall be responsible for the orderly and business-like conduct of business assigned to such member by the President.

D. Immediate Past President⁴⁷

The Immediate Past President shall exercise the duties of President in the event of the President's temporary absence or inability to act. The Immediate Past President may be a member of the Nominating Committee, but shall not be the Chair of such Committee.

o SECTION 2. Legal Counsel⁴⁸

The Board of Governors may at any time and from time to time appoint from among the members of the Society a General Counsel and one or more Deputy or Associate General Counsels or Special Counsels, each of whom shall be admitted to practice law in at least one jurisdiction in the United States and shall serve at the pleasure of the Board of Governors. The General Counsel and any Deputy or Associate General Counsel or Special Counsel shall if required by the terms of appointment serve while

⁴⁶ Amended April 5, 1983; Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁴⁷ Amended August 9, 2004 by SOFE membership

⁴⁸ Amended April 18, 1991, July 21, 1993, July 24, 1996 and July 19, 1998, by Board of Governors; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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in office as an ex-officio member of the Board of Governors and the Executive Committee. For purposes of compensation and reimbursement of expenses, this position will not be considered an officer.

o **SECTION 3. Executive Director**⁴⁹

The Executive Director and the management firm, if any, of the Society shall be appointed by the Board of Governors at its meeting immediately following the Annual Meeting of members, for such terms and for such compensation as may be contractually agreed upon. The Executive Director shall coordinate all the activities of the Society, and with the approval of the Executive Committee, act as spokesperson of the Society on related matters and perform any other services as may be assigned ~~to~~ by the Board of Governors. For purposes of compensation and reimbursement of expenses, this position will not be considered an officer.

o **SECTION 4. Removal from Office**⁵⁰

Any officer may be removed by a two thirds vote of the Board of Governors. Such a vote can take place at any regular or special meeting of the Board of Governors. Before such a vote may take place notice must be given to all concerned and sufficient cause must be established at a removal hearing. The Board of Governors may adopt such rules for this hearing as it may consider necessary for the best interests of the Society. ~~An officer Governor~~ may be represented by counsel at any removal hearing.

ARTICLE IX

COMMITTEES

o **SECTION 1. ~~Standing Permanent Committees~~**⁻⁵¹

The following committees shall be known as the ~~Standing Permanent~~ Committees of the Society. Except as otherwise specifically provided in this Article, all members of ~~Standing Permanent~~ Committees shall be Certified ~~Financial Examiners~~Members. Said Committee members and Chairs shall be appointed by the President of the Society pursuant to the provisions of these bylaws. Chairs of ~~Standing Permanent~~ Committees shall at all times during their appointment be directly or indirectly employed by an Agency. All Committees shall formulate their own internal rules, regulations and policies. However, any formulation of a substantive nature which affects the membership rights, duties, privileges or obligations of any members, or which has the effect of altering or amending these bylaws, shall be subject to the affirmative vote of the Board of Governors.

⁴⁹ Amended August 9, 2004 by SOFE membership

⁵⁰ Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁵¹ Amended August 9, 2004 by SOFE membership

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A. Membership Committee⁵²

The Membership Committee shall consist of at least five members who shall recommend and administer procedures, qualification requirements and rules adopted by the Board of Governors for all classes of membership in the Society. The Membership Committee shall recommend to the Board of Governors for approval any member who, in their judgment, meets the qualifications for the title and designation of Accredited Financial Examiner or Certified Financial Examiner.

B. Examinations Committee⁵³

The Examinations Committee shall consist of at least nine members representing all disciplines who shall supervise the administration of examinations used in examining candidates for Accredited and Certified ~~Financial Examiner Memberships~~. The Examinations Committee may delegate to other certified members of the Society the monitoring or evaluation of examinations. At its discretion, the Committee may require such oral or written information as it deems necessary, in addition to the examination taken by the applicant for the certificate as either Accredited Financial Examiner or Certified Financial Examiner.

C. Nominations Committee⁵⁴

The Nominations Committee shall consist of at least seven members who shall annually be appointed to recommend nominees for the Board of Governors. The nominations shall be apportioned in such a manner as to maintain membership on the Board as a whole which is reasonably representative of the types of member examiners. The President shall not be eligible to serve on this Committee. Any Certified ~~Financial Examiner Member~~ in good standing may also present nominations, at least 45 days before the Annual Meeting, for any or all positions, to the Executive Director who shall present all such nominations to all members of the Nominations Committee for inclusion on the ballot. Each petition for such nomination shall be signed by at least 5 persons who are Certified ~~Financial Examiner m~~Members in good standing of the Society. The Immediate Past President may serve on the Nominations Committee, but shall not be the Chair of such Committee.

D. Professional Standards Committee⁵⁵

The Professional Standards Committee shall consist of at least ten members who may initiate and conduct investigations of potential

⁵² Amended January 16, 1991; Amended July 19, 1998 by the Board of Governors; Amended August 9, 2004 by SOFE membership

⁵³ Amended January 16, 1991; Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁵⁴ Amended April 5, 1983; Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁵⁵ Amended July 14, 1991, by Board of Governors, April 14, 1993, July 20, 1997, by Board of Governors, and January 29, 1999; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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disciplinary matters involving members of the Society. A vote by the Committee whether to recommend suspension, expulsion, or other disciplinary sanction to the Board of Governors shall take place, provided that a statement of findings and charges shall have been mailed to the last recorded address of the member at least thirty days before such a vote takes place. This statement shall be accompanied by a notice of the time and place of the Committee meeting at which the Committee shall consider the member's suspension, expulsion, or other disciplinary sanction. The member shall have an opportunity to present a defense in person or by representative.

A quorum for the transaction of regular business at any meeting shall be one half of the members of the Committee, either in person or by proxy. However, two thirds of the members of the Committee must be present in person before a vote to recommend suspension, expulsion or other disciplinary sanctions.

Any member bringing charges against another member's professional standards must present such charges in writing, affirmed as true upon information and belief, to the President who shall immediately notify the Chair of the Professional Standards Committee.

It shall also be the responsibility of the Professional Standards Committee to initially draft, interpret and amend the Code of Ethical Conduct. However, all proposed drafts, interpretations or amendments must be submitted to the Board of Governors for approval.

If, at any time, it appears that a member of the Professional Standards Committee may have reason to be interested in the outcome of any proceeding hereunder, or may have an actual or potential conflict of interest, such member shall promptly inform the Professional Standards Committee thereof, and such member may recuse oneself from participation in such proceeding or the Professional Standards Committee may in its sole discretion direct that such member shall not participate in such proceeding.

E. Education Committee⁵⁶

The Education Committee shall be responsible for the development, management, maintenance, and administration of all training and continuing education programs of the Society, including those for Certification and Accreditation; coordination of all such responsibilities with other professional and academic

⁵⁶ Amended April 5, 1983; Amended August 9, 2004 by SOFE membership

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groups; and the development and management of such financial resources as may be necessary to assist the Society in the implementation of all such programs.

F. Management Committee⁵⁷

The Management Committee shall consist of at least three members who shall be charged with the primary responsibility of preparing and supervising the Society's budgets; reviewing compliance with the existing budgets; auditing and/or meeting with external auditors to discuss the results of the annual audit; and determining the effectiveness of the Society's administrative management in implementing the budget and in carrying out the provisions of the management contract between management and the Society. The Management Committee shall periodically report their findings to the Board of Governors and shall annually prepare recommendations for the Board of Governors on all existing or proposed budgets, management performance, and contracts.

o SECTION 2. Terms of Service⁵⁸

Except as may otherwise be specifically provided for in these bylaws, each member of a committee shall continue as such until the next Annual Meeting of the members of the Society and until a successor is appointed unless the committee ~~shall be sooner is~~ terminated, ~~unless such the~~ member ~~be is~~ removed from such committee, or ~~unless such the~~ member ~~shall ceases~~ to qualify as a member thereof.

o SECTION 3. Other Committees⁵⁹

The President may from time to time appoint such other committees as may be deemed necessary and with such duties and functions as may be specified.

o SECTION 4. Quorum⁶⁰

One-half of a committee shall constitute a quorum for the purpose of doing business and any action receiving a majority vote of those present shall be deemed an affirmative vote of the entire committee.

o SECTION 5. Meetings⁶¹

The Chair of any ~~Standing-Permanent~~ Committees as defined in Section 1 of this Article shall, at least quarterly, report in writing to each member of that ~~Standing-Permanent~~ Committee and to the Executive Committee. All other committees as defined in Section 3 of this Article shall meet as

⁵⁷ Amended April 5, 1983; Amended August 9, 2004 by SOFE membership

⁵⁸ Amended January 16, 1991; Amended August 9, 2004 by SOFE membership

⁵⁹ Amended January 16, 1991

⁶⁰ Amended August 9, 2004 by SOFE membership

⁶¹ Amended August 9, 2004 by SOFE membership

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needed and the Chair of such committee shall report directly to the President within 15 days after such meeting.

ARTICLE X

MAIL BALLOT⁶²

Where permitted by law, voting on matters to be presented at any regular or special meeting of the Board of Governors, Executive Committee, or of any other Committee, or of members may be by mail and notice of any special meetings shall be accompanied by a ballot on which the members may indicate how the vote is to be counted. Members whose ballots are received by the time set for the meeting shall be counted as present for the purpose of determining a quorum and only ballots received by that time shall be counted for any purpose.

ARTICLE XI

SEAL⁶³

The Board of Governors shall provide a suitable seal containing the name of the Society and the place and year of incorporation which shall be in the custody of the Secretary or the Secretary's designee.

ARTICLE XII

DISSOLUTION

Upon dissolution and after paying or adequately providing for all debts and obligations in accordance with the law, the remaining assets, if any, shall be distributed to any charitable or civic institution or organization at the sole discretion of the [Board of](#) Governors.

ARTICLE XIII

INDEMNIFICATION OF OFFICERS AND GOVERNORS⁶⁴

Insofar as permitted by law, the Society shall indemnify and save harmless each Governor or Officer now or hereafter serving the Society, whether or not then in office, except in relation to matters in which such Governor or other Officer shall have been guilty of gross negligence or bad faith, from and against all claims, liabilities, penalties, forfeitures and fines, to which such Governor or other Officer may be or become subject by reason of the member becoming a Governor or Officer of the Society, including the cost of reasonable settlements made with the

⁶² Amended August 9, 2004 by SOFE membership

⁶³ Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁶⁴ Amended January 29, 1999; Amended August 9, 2004 and January 5, 2006 by SOFE membership

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approval of a majority of the Governors of the Society (other than those involved) even though less than a quorum, and in addition shall reimburse each such Governor or Officer for all legal or other expenses reasonably incurred in the defense of such proceeding to enforce or collect any such claim, liability, penalty, forfeiture or fine, or shall assume the burden of such defense, whichever the Society shall elect to do. The foregoing rule of indemnification shall not be exclusive of other remedies to which any such member may now or hereafter be entitled as a matter of law and shall also apply to the general counsel and the Executive Director of the Society and to each member of the Society's Professional Standards Committee in the member's capacity as such.

ARTICLE XIV

**AMENDMENT TO THE BYLAWS, CODE OF ETHICAL CONDUCT,
AND ARTICLES OF INCORPORATION⁶⁵**

- **SECTION 1. Amendment to the Bylaws By the Membership**⁶⁶
These bylaws may be altered, amended or repealed by an affirmative majority vote of the members of the Society at any annual or duly called meeting of members, provided that a copy of any proposed amendments be mailed at least 30 days before the date of such meeting. The 30-days notice may be waived at a duly called meeting provided the members attending vote by a two-thirds majority that the amendment is procedural in nature and/or is necessary to the efficient and expedient conduct of the business of the Society.
 - **SECTION 2. Amendment to the Bylaws By the Board of Governors**⁶⁷
The Board of Governors or the Executive Committee or any special committee appointed by the President may propose the adoption, amendment or repeal any of these bylaws subject to the approval of the general membership at its next Annual or Special Meeting in accordance with the notification provision of Section 1 of this Article.
- SECTION 3. Proposals to Amend the Code of Ethical Conduct**⁶⁸
The Code of Ethical Conduct may be altered, amended, or repealed by an affirmative majority vote of the members of the Society at any annual or duly called meeting of members, provided that the provisions of Article IX, Section 1, D, paragraph 4 have been met. Copies of any proposed changes so approved by the Board of Governors must be submitted to the members of the Society at least 30 days before the date of such meeting.

⁶⁵ Amended August 9, 2004 by SOFE membership

⁶⁶ Amended August 9, 2004 by SOFE membership

⁶⁷ Amended August 9, 2004 by SOFE membership

⁶⁸ Amended August 9, 2004 by SOFE membership

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- **SECTION 4. Amendment of the Articles of Incorporation**⁶⁹
The Board of Governors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of members having voting rights which may be either an annual or a special meeting.
 - A. Written or printed notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member entitled to vote at such meeting within the time and in the manner provided for the giving of notice of meetings of members. If the meeting is an annual meeting, the proposed amendment of such summary shall be included in the notice of such annual meeting.
 - B. The proposed amendment shall be adopted upon receiving the affirmative vote of at least two-thirds of the votes entitled to be cast by members present or represented by proxy at such meeting.
 - C. Any number of amendments may be submitted and voted upon at any one meeting.

ARTICLE XV

MISCELLANEOUS

- **SECTION 1. Non-Profit Character; Non-Liability of Members**⁷⁰
The Society does not afford the pecuniary gain, incidentally or otherwise to its members. There shall be no personal liability of members for Society obligations.
- **SECTION 2. Power to Acquire and Hold Property**⁷¹
The Society shall be authorized to acquire property by grant, gift, purchase, devise or bequest, and to hold and dispose of such property as the Society shall require, subject to such limitations as may be prescribed by law, for the benefit of the members and not for pecuniary profit.
- **SECTION 3. Contracts, Checks, Deposits, and Funds**
Contracts⁷²
The Board of Governors may authorize its Executive Director, any officer or officers, agent or agents of the Society, in addition to the officer so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Society. Such authority may be general or confined to specific instances.

⁶⁹ Amended August 9, 2004 by SOFE membership

⁷⁰ Amended August 9, 2004 by SOFE membership

⁷¹ Amended August 9, 2004 by SOFE membership

⁷² Amended August 9, 2004 by SOFE membership

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Checks, Drafts, Etc.⁷³

All checks, drafts or orders for payment of money, notice or other evidence of indebtedness issued in the name of the Society shall be signed by such officer(s) or agent(s) of the Society and in such manner as shall from time to time be determined by resolution by the Board of Governors. In the absence of such determination by the Board of Governors, such instruments shall be signed by the Treasurer or the Treasurer's designee and countersigned by the President or Vice President of the Society.

Deposits⁷⁴

All funds of the Society shall be deposited from time to time to the credit of the Society at such bank or trust company or other depositories as the Board of Governors may select.

- **SECTION 4. Consent in Lieu of Meeting**⁷⁵
If permitted by law, any action required or permitted to be taken at any meeting of the members, or of the Board of Governors, or of any committee thereof, as the case may be, may be taken by consent thereto in writing, and the writing or writings shall be filed with the minutes of the Society.
- **SECTION 5. Meetings by Telephone**⁷⁶
Members of the Board of Governors or any committee designated by the Board may participate in any meeting of such Board or committee by means of conference telephone or similar communications equipment by which all members participating in any such meeting can hear each other. Members of the Board of Governors may participate in any special meeting of the Board of Governors, but not any regular meeting as described in Article VI, Section 3, by means of conference telephone or similar communications equipment by which all members participating in any such meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.
- **SECTION 6. Bonding**⁷⁷
The Secretary/Treasurer and/or the Executive Director and any other member entrusted with the handling of funds or property of the Society may at the discretion of the Board of Governors, furnish at the expense of the Society, a fidelity bond approved by the Governors in such sum as the Governors shall prescribe.

⁷³ Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁷⁴ Amended August 9, 2004 by SOFE membership

⁷⁵ Amended August 9, 2004 by SOFE membership

⁷⁶ Amended August 9, 2004 and January 5, 2006 by SOFE membership

⁷⁷ Amended August 9, 2004 and January 5, 2006 by SOFE membership