

FINANCIAL EXECUTIVES INTERNATIONAL  
ETHICS ENFORCEMENT PROGRAM

RULES OF PROCEDURE

These rules of procedures adopted by the Board of Directors of Financial Executives International (FEI) and the Executive Committee set forth the procedures of administering the ethics program of FEI. They may be amended at any time except when changes would conflict with the Bylaws.

These rules outline the procedures to be followed in handling all allegations of ethics code infractions.

Delegation

Pursuant to Article IX, Section 5, of the proposed FEI Bylaws, the Board of Directors delegates to the Executive Committee the power and authority to act for the Board in matters concerning the censure, suspension, and expulsion of members of FEI subject, however, to the general principles and guidelines hereafter set forth. The FEI Ethics and Eligibility Committee ("Committee") shall serve as the investigative arm of the Executive Committee to inquire about and review all allegations and to make findings.

Principles and Guidelines

- A. Any member of FEI or its staff who becomes aware of any conduct of another member that he or she believes may constitute a basis for censure, suspension, or expulsion should notify his or her Chapter President of such conduct. The Chapter President shall then notify the Executive Committee of such allegations and conduct.
- B. It shall be the duty of the Executive Committee, through delegation to the Committee, to investigate any complaint or information brought to its attention and to determine if any action should be taken. The Board of Directors further expressly reserves the right to modify or withdraw its delegation of power and authority to the Executive Committee to act for it in matters involving the censure, suspension, and expulsion of members of FEI. All allegations must be investigated or otherwise reviewed. Case numbers will be assigned until a final decision is made to censure, suspend or remove the member or dismiss the charge. The reports shall be treated as "Confidential—access only on a need-to-know basis" and distribution appropriately limited. When deemed desirable the Committee may seek legal counsel or opinion regarding its handling of a specific situation.
- C. The Committee shall appoint an ad-hoc Hearing Committee composed of three present or former members of the Committee, to investigate any allegation. The Committee shall notify the member by registered mail not less than 30 days prior to the date the committee intends to consider any disciplinary action (see paragraph D below) and shall inform the member of the nature of the alleged violation and the procedures to be followed, including investigation by the Hearing Committee and the identification of the members thereof.
- D. In conducting the investigation, the Hearing Committee may call upon the Chapter President, Area Director, and/or Area Vice President for assistance and shall hold such hearings, if any, as it deems appropriate to hear evidence and arguments from interested parties at such time. The Hearing Committee shall provide the member with a reasonable opportunity to supply additional information and/or to appear

before the Hearing Committee during its deliberations. At the conclusion of its deliberations, the Hearing Committee shall determine if, in its judgment, punitive action is warranted. A majority vote of the Hearing Committee is required to recommend censure, suspension or expulsion or any combination thereof. Hearing Committee reports on the investigation, including any recommendation of punitive action, are to be forwarded to the full Committee.

- E. Upon receipt of the report of the Hearing Committee the following shall happen:
- a. The Committee shall notify the member of the findings of the Hearing Committee (see paragraph C above).
    - i. If the Hearing Committee recommends punitive action, the Committee shall schedule a meeting to act on the recommendation. Such meeting shall be scheduled no sooner than 15 days after the member is notified of the findings of the Hearing Committee and the member shall be afforded an opportunity to appear at the meeting and to participate except that, at the discretion of the Executive Committee, such opportunity may be dispensed with in the event the member has been convicted of a crime by any Court and the time for appeal of such conviction or any affirmance thereof has expired.
    - ii. A majority vote of the members of the Committee present shall be necessary to recommend censure or to suspend a member of FEI, and a three-quarters vote of the members of the Committee present (but at least 50% of the Committee) shall be necessary to recommend expulsion of a member of FEI.
    - iii. In the absence of the necessary percentage required for a given action, the Committee may recommend a less severe penalty.
- F. The recommendation of the Committee shall be directed to the Executive Committee, which shall determine if the recommendation is to be accepted. A majority vote of the members of the Executive Committee present shall be necessary to censure or suspend a member of FEI, and a three-quarters vote of the members of the Executive Committee present (but at least 50% of the entire Executive Committee) shall be necessary to expel a member of FEI.
- G. The Executive Committee shall notify the member whose conduct is in question, as well as the Board of Directors, the local Chapter President, Area Director and the Area Vice-President concerned, of its decision in the matter. Upon notification by the Executive Committee to the member involved, the decision of the Executive Committee shall become final and effective.

#### Appeals

Appeal of the Executive Committee's decision shall be considered by the Board upon written notice of the appeal to the Board by the member stating any new facts and evidence not previously introduced to either the Committee or Executive Committee for consideration. Upon two-thirds affirmative vote of the Board's members, the Executive Committee or the Board itself may be directed to reconsider its prior findings and decision, under the new evidence being introduced to the Board. Failing a two-thirds affirmative vote of the Board members, the prior decisions are affirmed. Upon reconsideration of an appeal, all new evidence will be considered and, after such

consideration, a two-thirds affirmation vote of the governing body will be required to overturn any prior decision.

Reservation of the Board of Directors

The Board of Directors expressly reserves the right to revoke, modify, or supplement the Principles and Guidelines above stated any time.