

***itSMF* International**
The IT Service Management Forum

THE COMPANIES ACT 1985
RULES

Of the

IT SERVICE MANAGEMENT FORUM INTERNATIONAL

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PART I - INTERPRETATION

1 1. NAME

The name of the association incorporated in the United Kingdom under the Companies Act 1985 is IT SERVICE MANAGEMENT FORUM INTERNATONAL (herein referred to as the “Forum”).

2 2. DEFINITIONS

Term	Definition
“Act”	The Companies Act 1985 of the United Kingdom
“Auditor”	The current auditor of the Forum appointed by the Board.
“By-Laws”	Any By-laws made and approved by the Board.
“Board”	See Board of Management.
“Board of Management”	The Board of Management of the Forum comprises all members of the Board, appointed as Directors under these Rules, and includes all persons acting in that capacity from time to time.
“Chair”	The Chair of an Executive Committee.
“Chairman”	The Chairman of the Board of Management, which includes Acting Chairman.
“Common Seal”	The common seal of the Forum and includes any official seal of the Forum.
“Corporate Governance Statement”	This statement sets out the main corporate governance practices in place for the current year and will be reviewed annually.
“Vice Chairman”	The Vice Chairman of the Board of Management, which includes Acting Deputy Chairman.
“Director”	A member of the Board and includes any person acting in that capacity
“Disciplinary Committee”	A standing committee of the Forum constituted by delegation by the Board of Management.
“Executive Committee”	A committee with a specific charter agreed and delegated by the Board i.e. the Publications Committee. Executive Committees have the right to set up specific working groups (see Working Group).
“Event”	Includes any: (a) seminar, briefing or gathering organised or conducted by The Board or one of its Executive Committees on behalf of the Forum; (b) conference, briefing or seminar sponsored by, organised or conducted by or on behalf of the Forum; or (c) exhibition, symposium, conference or any such forum at which the Forum is represented.
“Financial Year”	The year commencing 1 April and ending March 31 the next calendar year
“Forum”	The Company of the itSMF International
“Full Financial Member”	A member of the Forum who, pursuant to these Rules, is eligible to vote at general meetings of the Forum and to hold any office under the Forum and whose membership fees have been paid in full
“General Meeting”	The annual or any special general meeting of the Forum.
“Governance Framework”	A framework granting decision rights and accountabilities to all entities within the Forum i.e. the Board etc. and one which measures actual performance against target.
“Immediate Past Chairman”	The previous holder of the position of Chairman or the equivalent position.

Term	Definition
“Intellectual Property”	All rights or goodwill subsisting in copyright, business names, names, trade marks (or signs), logos, designs, patents or service marks (whether registered or registerable) relating to the Forum or any Event conducted, promoted or administered by the Forum.
“itSMF”	The IT Service Management Forum.
“Member”	A Chapter in good standing
“Regulations”	The Regulations made under the Act.
“Special Resolution”	A resolution passed: <ul style="list-style-type: none"> a) at a General Meeting of the Members of the Forum of which not less than 30 days notice specifying the intention to propose the resolution as a special resolution has been given to the Members in accordance with these Rules; and b) by a majority of not less than three quarters of those Members, being entitled under these Rules to vote, vote in person or by proxy at the general meeting or by another form of visible or electronic communication approved by the Forum from time to time.
“Working Group”	A group set up and directed by the Chair or Director of an Executive Committee with specific Terms of Reference.

3 Introduction

The purpose of the document is to set out the By Laws of the itSMF International that support the execution of the Company business under its Memorandum and Articles of Association.

3.1 Intent of wording:

- (a) a reference to a function includes a reference to a power, authority and duty;
- (b) a reference to the exercise of a function includes, where the function is a power, authority or duty, a reference to the exercise of the power or authority or the performance of the duty;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing any gender include both genders;
- (e) references to a person include the legal personal representatives, successors and permitted assigns of that person;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, reenactments or replacements of any of them (whether of the same or any legislative authority having jurisdiction); and
- (h) a reference to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form, including messages sent by electronic mail.

3.2 Enforceability and Severance of Rules

If any provision of these Rules or any phrase contained in them is invalid or unenforceable in any jurisdiction, the phrase or provision is to be read down for the purpose of that jurisdiction, if possible, so as to be valid and enforceable.

3.3 Expressions in Act

Except where the contrary intention appears, in these Rules, expressions or words contained in these Rules shall be interpreted in accordance with the Companies Act 1985 of the United Kingdom.

PART II - MANAGEMENT STRUCTURE

4 BOARD OF DIRECTORS

4.1 Powers and Responsibilities

(a) The business and affairs of the Forum shall be managed and governed by a Board of Directors or "Board".

(b) Subject to these Rules and the Act, the Board:

(i) shall manage and control the business and affairs of the Forum;

(ii) may, subject to these Rules, the Regulations and the Act, exercise all such powers and functions as may be exercised by the Forum other than those powers and functions that are required by these Rules to be exercised by the Members in General Meetings;

(iii) may appoint such Executive Committees as are deemed expedient and may delegate any of its duties to such Committees;

(iv) subject to these Rules, Regulations and the Act, has power to perform all such acts and things as appear to the Board to be essential for the proper management of the business and affairs of the Forum;

(v) may as necessary enter into agreements with other organisations to assist in achieving the purposes of the Forum; and

(vi) may appoint staff for the Forum for a period of time and on such other terms and conditions as may be determined by the Board and periodically review the appointment;

(vii) shall determine necessary qualifications and job descriptions for eligibility as Directors from time to time.

4.2 Composition of Management Board

The Board shall comprise:

(i) The Chairman who shall act as Chairman of the Board;

(ii) The Vice Chairman who shall act as Vice Chairman of the Board;

(iii) The Secretary;

(iv) The Treasurer who shall act as Director of Finance of the Board; and

(v) up to 1 other Director who shall be allocated a portfolio in accordance with the current Corporate Governance Statement;

(vi) All Board members shall be elected by Members;

(vii) Up to 2 co-opted Directors who shall be appointed by the elected Board Members at a meeting of the Board, subject to the prior written consent of the proposed appointee;

4.3 Director Portfolios

The Board determines that the interests of the Forum are best served by the allocation of specific portfolios to Directors including those identified in 4.2. The Board shall be entitled to vary the titles and portfolios of each of the Directors in accordance with the needs of the Forum from time to time, as set out in the current Corporate Governance Statement.

5 ELECTION OF DIRECTORS

5.1 Eligibility of Candidates

- (a) No person shall be eligible for election to the Board unless such person has been a Full Financial Member of a Chapter for a period of at least eleven months.
- (b) No Member shall be entitled to hold more than one office on the Board at the same time, except the Immediate Past Chairman, who may again be elected as Chairman.
- (d) Retiring Directors are eligible for re-election.

5.2 Term of Office

- (a) Each Director shall hold office for two year term (subject to (b) below) but is eligible for re-appointment .
- (b) All Directors appointed at the 2007 Annual General Meeting (held November 2007) will nominate or draw lots, to determine which of half of those Directors will serve a three year term and which half of those Directors will serve a two year term. This adjustment to the term of Director(s) appointed under these Rules is to ensure rotational terms and continuity and to prevent all Directors leaving office at the same time. Elections and appointments to subsequent Boards shall then proceed in accordance with the procedures in these Rules.
- (c)The term of office shall commence on January 1 of the year following the election month.

5.3 Retiring Directors

- (a) A retiring Director must advise the Secretary by the closing date for nominations as to whether he or she wishes to stand for re-election to the same office if that Director has been nominated pursuant to 5.4.
- b) Retiring Directors wishing to stand for an office other than that which they are vacating must be nominated for such office in accordance with these Rules.

5.4 Nomination of Candidates

- (a) Each election year, the Board will specify a date ("Lodgement Date") in advance of the Annual General Meeting for the lodgement of nominations for the election of Directors.
- (b) All nominations of candidates shall be:
 - (i) in writing on the prescribed nomination form;
 - (ii) proposed by a Chapter and seconded in writing by another Chapter;
 - (iii) accompanied by the written consent of the nominee, which shall be endorsed on the prescribed nomination form or other form of document as determined by the Secretary to be appropriate in the circumstances that preclude the nominee's endorsement on the prescribed nomination form.

5.5 Notification of Candidates

A list of all nominations for Director and the candidate statements shall be compiled and published by the Secretary at least 21 days prior to the Annual General Meeting.

5.6 Election of Directors

The election of Directors shall be held prior to the Annual General Meeting.

- (a) If insufficient nominations are received to fill all the positions on the Board, then the candidates nominated shall be deemed to be elected and further nominations shall be requested by the Secretary of the Forum.
- (b) If the number of nominations received is equal to the number of positions on the Board to be filled, then the persons nominated shall be deemed to be elected.
- (c) If the number of nominations for positions on the Board exceeds the number of positions to be filled, then a ballot must be held. The ballot must be conducted in accordance with the prescribed ballot process with each chapter casting one ballot for each position to be filled.

(d) Once the Directors have been duly elected, the Chairman will designate the portfolio. If the position is that of Chairman or Vice Chairman, the Board shall select one of its elected Directors to be Chairman or Vice Chairman. The manner of this selection is to be determined by the Board.

5.7 Confirmation of Appointments

(a) The Chairman, Vice Chairman and Directors duly elected shall be declared and ratified at the next Annual General Meeting or at an Extraordinary General Meeting. Ratification shall be deemed to have occurred unless two-thirds of the Members entitled to vote in person or by proxy at a General Meeting, reject any of these appointments.

(b) If a Director is rejected and thereby not ratified, the remaining Directors proposed by the Chairman shall not be invalidated and shall be deemed to be officially elected and appointed to govern and manage the business and affairs of the Forum.

6 VACANCY ON THE BOARD

6.1 Removal of a Director

Directors can be removed from office for contravention of these Rules, such contravention being documented and agreed by a vote carried by a majority of the Board. If the vote does not carry, the Chairman may establish a disciplinary committee of independent members, who will conduct an investigation of the facts as described by each Director of the Board. The disciplinary committee will then present a recommendation for removal or dismissal of the request for removal. The recommendation will be then be considered by the members who will vote on the matter at an Extraordinary General Meeting called by the Chairman.

6.2 Replacement of a removed Director

The Chairman will offer the vacant Director position to the person who is the nominee from the election of the current Board with the next most votes cast in their favor from the election of the Board. If this person declines the position, it will be offered to the nominee with the next most votes, and so on until the position is accepted. If no nominee accepts the Director position, the Chairman will instruct the Secretary to call for nominees to fill the vacancy. Should more than one person accept a nomination to fill the vacancy, the Board will hold a ballot with the members to determine the nominee who will be appointed.

6.3 Removal of Board or Members Thereof

Subject to the provisions of these Rules, a majority of members may request an extraordinary general meeting called for that purpose may by Special Resolution remove from office any member of the Management Board and may by ordinary resolution appoint another person or persons in place of the person or persons so removed. Any person so appointed shall hold office during such time only as the person he/she has replaced would have held the office if he/she had not been so removed.

6.4 Casual Vacancy

In the event of a casual vacancy or vacancies in the office of a Director or Directors for a period of not more than three months during a term of office, the remaining Directors may act, subject always to satisfying the necessary quorum requirements.

6.5 Filling a casual vacancy

If a casual vacancy arises in the position of Director, and the Board carries a vote to fill the

vacancy, the Secretary shall, within 28 days of such notification, issue a request for nominations to fill the casual vacancy. The person so appointed may continue in office up to the conclusion of the Annual General meeting at which the term of the previous appointee would have expired.

6.6 Conflict of Interest

A Director shall declare to the Board his interest in any:

- (a) Contractual matter;
- (b) Selection matter;
- (c) Disciplinary matter;
- (d) Financial matter; or
- (e) Any other matter in which a conflict of interest arises or may arise and shall, unless otherwise determined by the Board, absent himself from discussion of such matter and shall not be entitled to vote in respect of such matter. In the event of any uncertainty as to whether it is necessary for a Director to absent himself from discussions and refrain from voting, the issue should be immediately determined by vote of the Board, or if this is not possible, the matter shall be adjourned or deferred.
- (f) These statements of interest shall be made available to all board members and updated when material changes occur.

7 MEETINGS OF THE BOARD

7.1 Frequency of Meetings

The Board shall meet at such place and at such intervals as it deems necessary or advisable but shall endeavour (without being obliged to do so) to meet a minimum of twelve (12) times in each year.

7.2 Attendance of Meetings

The Board shall ensure that its members attend at least 75% of the listed meetings in each calendar year. Any Director who fails to attend three meetings in succession without approved Leave of Absence will be requested to show due cause why they should not relinquish their position on the Board of Management.

7.3 Special Meetings

Special meetings of the Board may be convened by the Chairman or by any four (4) of the members of the Board.

7.4 Notice of Meetings

Notice shall be given to members of the Board of ordinary meetings and of any special meeting. In the latter case, the notice must specify the general nature of the business to be transacted and no other business shall be transacted at such meeting without the consent of the Chair.

7.5 Quorum

- (a) Any three members of the Board (which must include at least one of Chairman/Vice Chairman) constitute a quorum for the transaction of the business of a meeting of the Board.
- (b) No business shall be transacted unless a quorum is present and if within half an hour of the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to an appropriate date, time and place agreed to by a majority of the Board members.

7.6 Chair

At meetings of the Board:

- (a) the Chairman or in his/her absence the Vice Chairman shall preside; or
- (b) if the Chairman and the Deputy Chairman are absent, such one of the remaining members of the Board as may be chosen by the members present shall preside.

7.7 Determination of Questions

Questions arising at a meeting of the Board or of any sub-committee appointed by the Board shall be determined on a show of hands or "ayes" or, if demanded by a member, by a poll taken in such manner as the person presiding at the meeting may determine.

7.8 Voting

Each member present at a meeting of the Board or any Executive Committee appointed by the Board (including the Chairman or Chair) is entitled to one vote and, in the event votes being equal, the Chairman or Chair may exercise a second or casting vote. Decisions will be deemed passed on the achievement of a two-thirds majority of the full Board. Voting can be conducted on matters outside a meeting through e-mail copied to all members or using on-line voting systems. In the case of a motion being presented in advance of a meeting, a director who is not able to be present at that meeting can lodge a vote with the Chair in advance of that meeting on a particular matter. A director not present at a meeting foregoes their opportunity to vote on any motions presented during that meeting that will be voted on during that same meeting.

7.9 Conduct of Meetings using Communications Media

Meetings of the Board and any sub-committees may be convened and held by way of telephone, video conferencing link-up or other medium for electronic communication available for such purpose from time to time as long as:

- (a) the number of persons participating present would represent a quorum for the purposes of these Rules;
- (b) due notice of the meeting and of intention to use a medium of electronic communication has been given to all persons entitled to notice of the meeting;
- (c) each of the participants acknowledge such participant's presence to the chairman;
- (d) voting of the participants on all issues is able to be clearly ascertained by the chairman.
- (e) no person participating in any meeting conducted pursuant to this Clause shall disconnect communication during the course of any meeting without the consent of the Chairman and in default of such consent or proven failure of the connection all participants at the commencement of the meeting shall be deemed to have been present and to have formed part of the quorum during the whole of that meeting.
- (f) The Chairman shall sign minutes of the proceedings conducted as aforesaid and such minutes shall be prima facie evidence of the matters discussed and resolutions passed thereat.

7.10 Powers, Duties and Responsibilities of Directors

(a) Directors will carry out their duties in accordance with these Rules and the Act, and Directors will be responsible for decisions made in respect of their specific portfolios, which portfolios (and the relevant duties falling under each portfolio) will be determined by the Board from time to time (and may be varied accordingly).

(b) the duties and powers of the Board will include:

- (i) implementing the decisions of the Board on behalf of the Members;
- (ii) creating Executive Committees;

- (iii) co-coordinating the activities of any Executive Committees and any associated Working Groups;
 - (iv) providing strategic direction and leadership;
 - (v) approving strategic, financial and business plans;
 - (vi) policy approval;
 - (vii) monitoring the performance of the Forum, senior management and the effectiveness of internal controls to manage risks;
 - (viii) ensuring compliance with policies, laws and regulations;
 - (ix) approving and monitoring the events that are conducted to promote the objectives of the Forum and IT Service Management best practices and standards generally; and
 - (x) doing all other things or activities which are necessary, incidental or conducive to the advancement of the Statement of Purposes.
- (c) Subject to the Act, the Constitution, these Rules and any Regulations, By-laws or policy of the Forum or directive of the Board, each Director may act as they see fit in respect of the matters delegated under their portfolio.
- (d) Each Director must provide a report of matters specific to their portfolio at intervals as set out in the Governance Framework or at such other times as they are requested to by the Chairman.
- (e) Each Director may seek the assistance of any other Directors in carrying out their responsibilities in respect of their portfolio.
- (f) The Board may hear or review submissions from Members in respect of a Director's specific portfolio.
- (g) The Board may amend or repeal any decision made by a Director, in respect of a Director's specific portfolio.
- (h) Directors shall act in a collegiate manner, supporting decisions properly made by the board or other directors in public as a matter of policy even if they conflict with private opinion.
- (i) Directors by virtue of their position on the Board are expected to support the goals and objectives of the Forum at all times. As such no Director shall without prior approval and consensus of the Executive Board, accept an invitation to attend an event in their capacity as a Director, by any non-Forum organization in any geography where a Forum chapter is located, if such an event may or will conflict or be in competition with a Chapter event or objective. Any Director wishing to attend such an event in their private or employment professional capacity, must first disclose this intent to the Executive Board.

7.11 Executive Committees

- (a) The Board may delegate any of its powers to Executive Committees as it thinks fit and may recall or revoke any such delegation or appointment and may amend or repeal any decision made by such a committee.
- (b) The Board will determine in writing the duties and powers afforded to any Executive Committee and the Committee must, in the exercise of such delegated powers, conform to any directions or Regulations that may be prescribed by the Board.
- (c) The Committee Chairman or designate will preside over the proceedings for any Executive Committee. The Committee must meet on at least one occasion in each year.
- (d) An appointed member of the Board will act or appoint the Chairman for all Executive Committees during its initial term of office and then for any Executive Committee that does not hold its own elections for a Chairman.
- (e) An Executive Committee will consist of a Board Member, as many other Board Directors as wish to be involved, and will only include persons registered as members in good standing of a Chapter in good standing.

(f) Any Executive Committee has the right to set up Working Groups, providing the Working Group has specific Terms of Reference (TOR) and that the Board has agreed the TOR.

(g) Any Executive Committee so formed shall in the exercise of the powers so delegated conform to any regulation or restriction that may from time to time be imposed upon it by the Board.

(h) If the Board so requires, any Executive Committee shall report its business in writing to the Board.

(i) Within 10 working days of any meeting of any Executive Committee, the Committee Chair must send a copy of the ratified minutes and any supporting documents to the Chairman of the Board.

7.12 Disciplinary Committee

(a) The Board may delegate its functions, powers or duties in relation to discipline of Members to a Disciplinary Committee, comprised of three persons appointed by the Board from time to time, which persons may be Directors.

(b) If any matter to be determined by the Disciplinary Committee under this **Rule** gives rise to a conflict of interest on the part of any member of the Disciplinary Committee, the Board may appoint another independent person in his or her stead for determination of that matter only.

7.13 Complaints or Compliments

(i) Complaints or compliments should be sent to info@itsmfi.org giving the name and contact details of the complainant

(ii) Where possible these will be passed to the appropriate portfolio holder with an expectation of a reply within 5 working days to the Board and the complainant

(iii) Where the complaint is against a director, the Chairman will inform the Director who is the subject of the complaint and shall appoint a Disciplinary Committee to investigate and report back within 5 working days

(iv) A register of all complaints and compliments will be kept, accessible to the board, members and auditors under access control.

(v) Members will be informed of Complaints lodged against any other member, 10 working days after receipt of the complaint

(vi) The Chairman will inform the members of the results of each Disciplinary Committee investigation and /or actions taken in the resolution of each complaint.

PART III - FINANCIAL MATTERS

8 FINANCIAL MATTERS

8.1 Funds

The funds of the Forum shall be derived from global membership fees, Chapter levies, fees for service, annual subscriptions, donations, sponsorship, advertising, conference fees, subsidies and such other sources as the Board determines and that are consistent with the mission of the Forum.

8.2 Accounts and Audit

(a) The Board in conjunction with the Treasurer shall ensure that proper accounts are maintained to reflect the true financial position of the Forum.

(b) The books of account of the Forum shall be open to the inspection of members at the office of the Treasurer.

(c) The accounts shall be audited annually by a Certified Practising Accountant or a member of the Institute of Chartered Accountants in the United Kingdom appointed by the Board from time to time.

8.3 Bank Account and Cheques

(a) All moneys received by the Forum from whatever source must be paid forthwith into an account in the name of the Forum with such bank as the Board may from time to time direct.

(b) All drafts, bills of exchange, promissory notes and other negotiable instruments, and cheques, shall be signed by two members of the Board, of which one must be the Treasurer or their designated replacement.

8.4 Annual Report

The Board shall at each annual general meeting lay before the members a statement containing the particulars specified in Section 30(3) of the Act, together with the Auditor's Report on the accounts of the Forum for the previous financial year.

8.5 Financial Year

The financial year of the Forum shall run from April 1 to March 31.

PART IV - GENERAL

9 POWERS OF THE FORUM

Solely for furthering the purposes set out in the Constitution and not otherwise, the Forum has power:

- (a) To promote, assist in promoting, and secure the holding of meetings, conventions, conferences, seminars, workshops, forums and other appropriate events.
- (b) To publish and disseminate information for the promotion of any of the objectives of the Forum by means of print, audio, audio visual, electronic or other media.
- (c) To purchase, lease, hire or otherwise acquire any real or personal property which may be deemed necessary or convenient for any of the purposes of the Forum.
- (d) To take or make any gifts or donations of property, or money, whether subject to any special trusts or not, for any one or more of the purposes of the Forum and to act as trustee in respect of any money or property.
- (e) To take such steps by personal or written appeals, public meetings, or otherwise, as may from time to time be deemed expedient for the purpose of procuring contributions to the funds of the Forum in the shape of donations, annual subscriptions or otherwise.
- (f) To sell, manage, lease, mortgage, dispose of or otherwise deal with all or any part of the real or personal property of the Forum.
- (g) To invest and deal with the money of the Forum not immediately required as approved by the Board of Management.
- (h) To establish and support, and/or to aid in the establishment and support of any other not for profit organisation which:
 - (i) is formed for purposes similar to all or some of the purposes of the Forum; and
 - (ii) has a constitution prohibiting the distribution of its income and property among its members to an extent similar to the prohibition contained herein.
- (i) To obtain from any Government or Authority any rights, privileges and concessions which the Forum may think it desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (j) To appoint, employ, remove or suspend such staff and other persons as may be necessary or convenient for the purposes of the Forum.
- (k) To do all such other lawful things as are incidental or conducive to the attainment of the purposes of and the exercise of the powers of the Forum

provided that any such purposes and powers are not construed so that they are contrary to nor limit any provision of the Act.

10 COMMON SEAL

- (a) The Common Seal of the Forum shall be kept in the custody of a member of the Board nominated by the Board.
- (b) The Common Seal shall not be affixed to any instrument except by the authority of the Board. The affixing of the Common Seal shall be attested by the signatures of two members of the Board.

11 SERVICE OF NOTICES

(a) A notice may be served by or on behalf of the Forum upon any Member either personally or by sending it by post or by facsimile to the Member at the address shown in the Register of Members, or if previously agreed by the Member, by fax, e-mail or other form of visible or electronic communication in accordance with details provided by the Member.

(b) Where a document is properly addressed pre-paid to a person as a letter, the document shall, unless the contrary is proved, be deemed to have been given to the person at the time at which the letter would have been delivered in the ordinary course of post.

12 INDEMNITY

(a) Every Director, employee or agent of the Forum shall be indemnified out of the property and assets of the Forum against any liability incurred by him in his capacity as Director, employee or agent of the Forum in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in relation to any such proceedings in which relief is granted to him by the Court.

(b) The Forum shall indemnify its Directors and employees against all damages and costs (including legal costs) for which any such Director or employee may be or become liable to any third party in consequence of any act or omission except willful misconduct:

(i) in the case of a Director, performed or made whilst acting on behalf of and with the authority, express or implied of the Forum; and

(ii) in the case of an employee, performed or made in the course of, and within the scope of employment by the Forum.

13 AUDITOR

(a) A properly qualified auditor shall be appointed at the Annual General Meeting and will remain in office until the conclusion of the next Annual General Meeting or in the event of failure to appoint, may be determined by the Board and later ratified by the General Meeting.

(b) The auditor's duties shall be regulated in accordance with the Act, or if no relevant provisions exist under the Act, in accordance with generally accepted principles, or any applicable code of conduct.

(c) The remuneration of such an auditor shall be fixed by the Board.

(d) The accounts of the Forum (i.e. profit and loss accounts and balance sheet) shall be examined by the auditor at least once in every year to ascertain their correctness.

14 APPLICATION OF INCOME

(a) The income and property of Forum shall be applied solely towards the promotion of the objectives.

(b) No portion of the income or property of the Forum shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise to any Member.

(c) No remuneration or other benefit in money or money's worth shall be paid or given by the Forum to any Member who holds any office of the Forum.

(d) Nothing shall prevent payment in good faith to any Member:

- (i) for any services actually rendered to the Forum whether as an employee or otherwise;
- (ii) for goods supplied to the Forum in the ordinary and usual course of business;

- (iii) of interest on money borrowed from any Member;
- (iv) of rent for premises demised or let by any Member to the Forum;
- (v) for any out-of-pocket expenses incurred by the Director or Member on behalf of the Forum;

provided that any such payment shall not exceed the amount ordinarily payable between ordinary commercial parties dealing at arms length in a similar transaction.

15 CUSTODY OF RECORDS

(a) Except as otherwise provided in these Rules, the Secretary shall keep in their custody or under their control all relevant documents and securities of the Forum. The location of all relevant documents and securities will be disclosed to the Treasurer, who will inspect them and confirm their safekeeping at a minimum of once per year.

(b) Any Member may inspect relevant documents of the Forum at the registered office of the Forum, at a reasonable time, on reasonable notice to the Secretary, always subject to relevant non –disclosure and confidentiality considerations by the member.

(c) The office(s) of the Forum shall be located at such place as shall be determined by the Board from time to time.

16 CODE OF ETHICS AND PROFESSIONAL CONDUCT

(a) All Board members must sign the Board Code of Ethics, currently entitled “Committee Code of Ethics” as soon as is reasonably practical after their appointment.

(b) The Board may from time to time adopt a Code of Ethics and Professional Conduct which upon ratification by the Forum in general meeting (or by referendum) shall be binding upon all Members.

(c) Upon ratification of a Code of Ethics and Professional Conduct or the ratification of any amendment or variation of such Code, a copy of the Code, amendment or variation as the case may be shall be provided to each member.

17 ALTERATION OF CONSTITUTION AND RULES

Subject to the Act, the Constitution (including the Statement of Purposes) and these Rules may be altered only in the following manner:

(a) Any Director or Member may submit, in writing, a proposed amendment to the Rules or the Constitution of the Board.

(i) Every proposed amendment received by the Board not less than thirty (30) days before the next general meeting, must be referred to the next general meeting for consideration.

- (ii) Every proposed amendment received by the Board less than thirty (30) days before the next general meeting may, if the Board decides, be referred to the next General Meeting but, if not so referred, must be referred to the General Meeting following.
- (b) Not less than thirty (30) days' notice must be given to Members, in accordance with the Rules, specifying the intention to propose the resolution altering the Rules or the Constitution as a special resolution.
- (c) The proposed amendment is ineffective unless it is passed by special resolution. A declaration by the Chairman that the special resolution has been carried is conclusive evidence of the fact unless a poll is demanded.
- (d) The Secretary shall, within one month after the passing of the special resolution altering the Constitution or the Rules lodge with the Registrar of Incorporated Associations notice in writing of the special resolution setting out particulars of the alteration together with a declaration signed by at least two
 - (2) members of the Board to the effect that the special resolution was passed in accordance with the Act.
- (e) Subject to the Act, the alteration to the Constitution or Rules takes effect on the date when the Secretary lodges the notice.

18 REGULATIONS & BY-LAWS

18.1 Formulation of Regulations and By-Laws

(a) The Board may (by itself or by delegation to a committee) from time to time formulate, issue, amend, interpret, adopt or repeal Regulations and/or by-laws and policies for the proper conduct and management of the Forum and in particular, but without limitation, for:

- (i) the advancement, management, administration and control of the business activities, events, premises and publications of the Forum;
- (ii) the conduct of and the privileges enjoyed by members; and
- (iii) any other matter not required to be dealt with pursuant to these Rules by the members in general meeting.

(b) Any such By-Laws must be consistent with the Companies Act 1985, the Forum Constitution and these Rules.

(c) Any by-law may be set aside by a majority vote of the members in general meeting.

18.2 Force and Effect

(a) Such Regulations, by-laws and policies made under this Rule shall have the same force and effect as the Rules, but shall not be in any way opposed or in conflict with the Rules.

(b) Any bye-laws made under these Rules shall come into force and have full [authority of a Bye-law of the Forum upon the expiration of fourteen clear days after being posted to members for notification](#).

18.3 Notices Binding On Members

Amendments, alterations, interpretations or other changes to By-Laws shall be published by means of notices approved by the Board. eNotices are binding upon all Members.

18.4 Availability for Inspection

Such Regulations, By-laws and policies shall be available for inspection in the Forum premises and where requested or appropriate duly circulated to Members. An up-to-date copy will be available through controlled access on the itSMFI web-site.

19 Chapter Sanctions

19.1 Spirit and Intent

All Member Chapters are expected to abide by the spirit and intent of the Chapter Agreement. Chapters will, from time to time, as deemed necessary by the Board, agree to an audit of Chapter operations.

19.2 Non-compliance

Any Chapter deemed to be non-compliant under the terms of the Chapter Agreement may be subject to sanctions deemed necessary by the Board.

19.2.1 Right to Invoke

The right to invoke sanctions against any Chapter is a responsibility vested to the Board. Any sanction being applied to any chapter must first be approved by the Chairman, the Director of Audit and Standards and the Company Secretary.

19.2.2 Application

Sanctions may be applied for the following reasons:

- Failing to pay the required Chapter Levy in the prescribed time period
- Violation of any Code of Practice
- Failure to operate a Chapter within the terms of the Chapter Agreement
- Conducting or promoting activity which contradicts the spirit and intent of the itSMF
- Failure to maintain a financial break-even or better position in any fiscal year period
- Failure to comply with Audit and Standards as set out in the Audit and Standards policy
- Violation or misuse of the itSMF trademark, intellectual property and brand
- Failure to follow the prescribed standards for election and operation of the Chapter board of management

19.3 Sanctions

Sanctions may include but are not limited to:

- Removal of authorized use of the trade name itSMF
- Removal or replacement of Chapter board of management members
- Expulsion of Chapter from the itSMF organization
- Financial penalties
- Notice of warning
- Seizure of assets
- Solvency of Chapter
- Litigation

Bearing in mind the nature and purpose of *itSMF*, the need to apply sanctions would indicate a significant problem. However, continued or repeated infringements of the rules could inflict such harm that they must not be allowed.

The board will review each case on its merits.