

Guiding Principles

Guiding Principles for the merger have been approved by the leadership of the national CA and CMA bodies. The elected governance bodies of each provincial and territorial CA and CMA organization are reviewing the guiding principles and will consider a motion to adopt them by May 31, 2004. The final step in approving the merger would be membership ratification this fall by each provincial and territorial body. If the merger is approved, it is anticipated that the new profession would be created on January 1, 2005. There would be a transition period of approximately three years to consolidate the CA and CMA professions and operationalize the new profession.

CA-CMA Proposed Merger Principles

Whereas

The CA profession and the CMA profession believe that through combining their two professions, the protection of the public interest will be enhanced and the high quality of service to the public will be sustained.

Whereas

The CA profession and the CMA profession believe that through the creation of a new profession in Canada:

- The ability of the new profession to meet its self-regulating responsibilities will be enhanced.
- The quality of research and standard setting for the new profession will be enhanced.
- The education and accreditation of the members of the new profession will be enhanced.
- The public understanding and appreciation of the role of the new professional accountant will be enhanced.
- The attractiveness of the new profession to prospective members will be enhanced.
- The ability of the new profession to communicate with the international profession will be enhanced.

Therefore

The CA profession and the CMA profession believe that the two professions should be guided by the following principles:

Name and Professional Credential

Principle 1

The name of the new profession and its members' professional credential shall:

- Have a high level of marketplace recognition and respect (domestic and global).
- Clearly identify the profession of accounting to the general public.
- Not reflect any one principal area of practice.
- Be the same in every jurisdiction.

Principle 2

The objective is that members in good standing of the CA profession and the CMA profession will become members of the new profession on the merger date.

Areas of Practice**Principle 3**

The new profession shall support and sustain the principal areas of practice within the accounting profession and provide fair and reasonable bridging provisions between the principal areas of practice.

Principle 4

The new profession will fulfil its statutory responsibilities, including support of standard-setting for accounting and assurance, and public protection mandate. During the transition period, the new profession will, at a minimum, maintain its current combined levels of commitment to research, development, education and member support in each area of practice, namely, Audit and Assurance, Taxation and Management.

Member Competence**Principle 5**

A member engaged in an area of practice shall possess the knowledge and expertise to advance and expand in that area of practice.

Principle 6

A member must demonstrate competence in a regulated area of practice to have the right to practice in that area.

Standards**Principle 7**

The high standards of practice, ethics, competence and certification of the CA profession and the CMA profession will be maintained or enhanced by the new profession.

Certification**Principle 8**

A new competency map will be developed to profile the principal areas of practice of the new profession.

Principle 9

There will be a new certification process for the new profession which will reflect the new competency map and the best features and practices of the certification processes of the CA profession and the CMA profession, nationally, provincially and regionally.

Principle 10

There shall be a fair and reasonable requirement for admission into membership of the new profession, for an accredited member of another professional accounting body.

Governance and Management**Principle 11**

The new profession will adopt a volunteer governance and CEO management model.

Principle 12

The new profession will be governed through a new Board of Directors whose size, role, responsibility, policies and procedures reflect leading edge corporate governance practices.

Principle 13

The composition of the initial transitional Board, excluding public members, in each Canadian jurisdiction will reflect the new profession and meet the following:

- Must reflect the proportionate numbers of members of the CA profession and the CMA profession, at that time.
- Notwithstanding the above, the minimum number of members of the CMA profession will not be less than one-third where regulatory framework permits.
- The maximum number of members of the initial transitional Board who are active for the majority of their time, in any one of the three principal areas of practice (assurance, tax and management) must not exceed 50% of the total number of Board positions, excluding public members.

Generally, the composition of the transition committee and associated committees will be equal representation from the CA profession and the CMA profession.

Principle 14

The new profession will be managed through a new management model that reflects leading edge management practices and the best features and practices of the management structure and processes of the CA profession and the CMA profession.

Affiliation/Protocol Agreement**Principle 15**

A new affiliation/protocol agreement will be developed for the new profession to address the assignment of responsibilities between national and provincial/territorial bodies and to define the protocols for decision making and dispute resolution.

Member Dues**Principle 16**

The member dues for the new profession will be equalized over a two to four-year period with annual dues increases limited to a predetermined maximum.

Transition Period**Principle 17**

A transition period to consolidate the CA and CMA professions and operationalize the new profession will be established.

Post Merger Staffing**Principle 18**

The new profession will require experienced and talented employees. Successful unification will likely require approximately the present level of staffing of the CA and CMA professions.

Principle 19

The new profession will create much opportunity. That opportunity brings with it change and adjustment. To facilitate change, the merging bodies commit to keeping employees well informed, seek their input on various aspects of implementation and support employees in their careers.

Principle 20

Human resource, compensation and benefit policies will be harmonized within each jurisdiction.

Other**Principle 21**

The role of the CICA and CMA Canada is to coordinate the efforts of the Provincial/ Territorial Institutes/Societies/Orders as they create a new profession in their jurisdictions and to provide support and assistance to the Institutes/Societies/Orders when requested.

Principle 22

Members who hold the FCA and FCMA designations previously granted by the parties of this transaction will continue to be Fellows in the new profession.

In keeping with the foregoing 22 principles, the following have been agreed to:

Core Values and Expectations

- Protection of the Public Interest
- High Standards of Ethics and Competence
- Portability of the Designation and Member Mobility
- Member Pride in the Designation
- Global Recognition and Respect

New Profession Name and Legal Entity

- The "CA" Institute/Order corporate name and legal entity.

Designation for Members of the New Profession

- CA – Chartered Accountant.
- There will be a provision for CMAs to retain their designation for a period of up to five years after the merger date, but only one designation may be used unless both designations are earned.

Effective Date of Unification

- January 1, 2005.
- By January 1, 2005, it is anticipated there will be one Board of Directors in each jurisdiction, with one CEO and one management group in each jurisdiction.

Transition Period

- Approximately 3 years.
- Some aspects of unification may be completed in less than three years and some aspects may take longer than three years.
- Within a three-year transition period, the present certification programs of the CA profession and the CMA profession can be phased out and the multi-area of practice approach to certification can be phased in.

Rules of Professional Conduct

- The new profession's Rules of Professional Conduct will be the CA Rules of Professional Conduct and will take effect with the date of the merger.
- A review will be made of the CMA Code of Conduct to ensure that all relevant provisions are covered in the CA Rules of Professional Conduct.