

Professional Mutual Recognition Agreement

Recommended by the

National Association of State Boards of Accountancy

Canadian Institute of Chartered Accountants

Instituto Mexicano de Contadores Públicos

Comité Mexicano para la Práctica Internacional de la Contaduría (COMPIC)

American Institute of Certified Public Accountants

April 2008

PRINCIPLES FOR Professional Mutual Recognition Agreement (PMRA)

I. Introduction.

The Canada-México-United States *Free Trade Agreement* (NAFTA: *North American Free Trade Agreement*) became effective January 1, 1994. Prompted by this *Free Trade Agreement* and by a common commitment to eliminate impediments to reciprocity, the National Association of State Boards of Accountancy (NASBA), the American Institute of CPAs (AICPA), the Canadian Institute of Chartered Accountants (CICA), the Comité Mexicano para la Práctica Internacional de la Contaduría (COMPIC) and the Instituto Mexicano de Contadores Públicos (IMCP), the Parties to this document have achieved consensus on the *Principles For Professional Mutual Recognition* under the terms of the *annex 1210.5* of the NAFTA.

The United States has 55 jurisdictions¹, and the board of accountancy or its equivalent in each jurisdiction is legislatively empowered to grant the CPA designation. Subject to the laws and regulations in each jurisdiction, the various institutes of Chartered Accountants within Canada's 13 jurisdictions² are empowered to issue the CA designation to qualified applicants. The IMCP within México is empowered to issue the CPC designation to qualified applicants. The U.S. boards, the Canadian provincial institutes, and the Mexican Dirección General de Profesiones de la Secretaría de Educación Pública/IMCP grant respectively, the Certified Public Accountant (CPA), the Chartered Accountant (CA), and the Contador Público Certificado (CPC) designations and either grant licenses to practice or their members have access to a license to practice.

NASBA, AICPA, CICA, COMPIC, and IMCP recommend the adoption of the following principles for the mutual professional recognition of the CA, CPA, and CPC designations.

II. Basis for Recognition.

Education, examination, and experience are the principal elements considered in granting the CA, CPA, and CPC designations. In Canada, qualification as a chartered accountant in a province includes passing the Uniform Evaluation (UFE). The educational, examination, and experience requirements of the provincial institutes are essentially uniform. There is reciprocity of membership from province-to-province with Quebec also requiring a working knowledge of the French language. In the United States, the educational and experience requirements vary among the jurisdictions; however, most states have CPA licensure requirements that are substantially equivalent to those detailed in the Uniform Accountancy Act. The other common requirement of all U.S. jurisdictions is the passing of the Uniform

¹ The 50 states, Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Guam and the Commonwealth of the Northern Mariana Islands

² The 13 provinces and territories of Canada.

CPA Examination. In México, the educational, passing of the Examen Uniforme de Certificación de la Contaduría Pública, and experience requirements are the same throughout the nation.

The U.S. and Canadian International Qualification Appraisal Boards (IQAB) on behalf of NASBA, the AICPA, and CICA have reviewed the educational requirements, the required body of knowledge, and the required standards of professional practice with respect to the granting of the CPC designation in México. The IMCP has reviewed the educational requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the CA and CPA designation in Canada, and in the United States. As a result of these reviews, the Parties are satisfied that the Canadian Uniform Evaluation (UFE), the Mexican Examen Uniforme de Certificación de la Contaduría Pública, and the CPA education and examination licensure requirements of the Uniform Accountancy Act (including the U.S. Uniform CPA Examination) cover substantially equivalent bodies of knowledge.

Accordingly, the Parties agree that, subject to the experience and uniform qualifying examination requirements discussed in this document, success in the Canadian Uniform Evaluation (UFE) and admission to membership in a provincial institute of chartered accountants, and success in the U.S. Uniform CPA Examination and certification and licensure by a board of accountancy which has requirements substantially equivalent to those in Section 23 of the Uniform Accountancy Act, and success in the Examen Uniforme de Certificación de la Contaduría Pública and licensure by the Mexican Dirección General de Profesiones should be the respective basic requirements for reciprocal recognition of the CA, CPA, and CPC designations.

The CPC membership as of September 2002 (the date of the first tri-country *Professional Mutual Recognition Agreement*) included approximately 6,000 founding members in good standing. The Parties agree to accept the representation of IMCP that these founding members have the professional experience and the educational attainments, both pre- and post-certification, to be recognized as included within the terms and conditions of this *Professional Mutual Recognition Agreement*.

III. Education.

The Parties agree that a CA, CPA from a state that is substantially equivalent as described in Section 23 of the Uniform Accountancy Act, or CPC who seeks reciprocity must have met the educational requirements in effect in the country granting the original designation at the time that such designation was granted. Such individual's educational credentials should be accepted as having satisfied the educational requirements of the other designations.

IV. Examinations.

The Parties agree that CAs who have successfully completed the Canadian Uniform Evaluation (UFE), CPAs from a state which is substantially equivalent (as described in Section 23 of the Uniform Accountancy Act) who have successfully completed the U.S. Uniform CPA Examination, and CPCs who

have successfully completed the Mexican Examen Uniforme de Certificacion de la Contaduria Pública should not be required to complete the other jurisdiction's licensing examination in order to achieve the professional designation of the jurisdiction into which entry is being sought.

Applicants for reciprocity are required to pass an examination or examinations designed to assure that the applicants have satisfactory knowledge of relevant local and national legislation, standards, and practices in the jurisdiction being entered. In Canada, the Chartered Accountants Reciprocity Examination (CARE) is already in place to test the knowledge of otherwise qualified applicants from other jurisdictions. In the U.S., the International Uniform Certified Public Accountant Qualification Examination (IQEX) is required to test the knowledge of applicants from other jurisdictions. Similarly, in Mexico the MEXQEX is in place to test the knowledge of otherwise qualified applicants from other jurisdictions.

The Parties may designate from time-to-time, representatives to periodically review the examination designed to assure that the applicants have satisfactory knowledge of relevant local and national legislation and practices.

The Parties further agree that they may designate from time-to-time representatives to periodically review the Uniform CPA Exam, the Uniform Evaluation (UFE) and the Examen Uniforme de Certificacion including the body of knowledge to be tested, and the policies and procedures for their construction, administration, security, and oversight to provide assurance to each of the Parties boards of accountancy that the exams can be relied upon as appropriate tests of the qualifications of CA, CPA and CPC candidates.

V. Experience.

The Parties agree that the completion of a minimum period of accounting experience within the United States as a requirement for original CPA qualification, within Canada as a requirement for original CA qualification, and within México as a requirement for original CPC qualification, may be prescribed as a condition for receiving reciprocity in the U.S., Canadian, or Mexican jurisdictions into which entry is sought.

The amount and nature of experience required for the original CA, CPA, or CPC designation must be equivalent to the experience requirement of the jurisdiction granting the reciprocal designation and must have been obtained under the supervision of or verified by a CA, CPA, or CPC in the original jurisdiction. If either the amount or nature of the experience acquired by an applicant in the jurisdiction of original designation does not meet the requirements of the jurisdiction granting the reciprocal designation, the applicant may be permitted to complete prescribed experience in the jurisdiction into which entry is sought before becoming eligible to receive the applicable CA, CPA, or CPC designation.

VI. Memorandum of Understanding.

This agreement is subject to any memorandum of understanding that may be entered into by the parties.

VII. Expiration.

This agreement will be in force for a period of five years from the date of ratification by the Parties and may be renewed or extended through mutual agreement of the Parties.

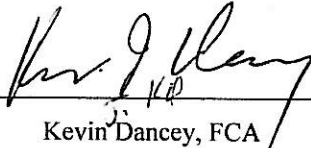
VIII. Termination.

The Parties may withdraw their consent to the agreement for just cause.

IX. Ratification.


The Parties recognize that this agreement is subject to ratification by their respective Boards of Directors for submission to the respective jurisdictions for their acceptance.

In Witness Whereof



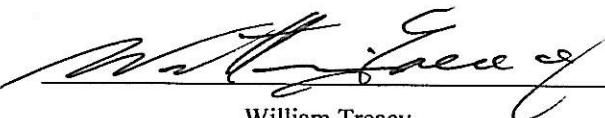
Kevin J. Dancey, FCA
CICA

Date



CPC Jaime Sanchez Mejorada Fernandez
IMCP

Date



William Treacy
U.S. IQAB

Date



CPC Manuel Sanchez y Madrid
COMPIC

Date

City/County of Alexandria City
Commonwealth of Virginia

The foregoing instrument was acknowledged before me
this 17th day of April, 2008

by Kevin J. Dancey, Jaime Sanchez Mejorada Fernandez
Robert Greenwald Notary Public

My commission expires 3-31-2010

William Treacy
Manuel Sanchez y Madrid

