One of the changes resulting from the amended NAFO Convention was the merger of the General Council and the Fisheries Commission into one body, the Commission. This entailed changes to the NAFO Rules of Procedure, Financial Regulations and Staff Rules, particularly to replace any references to the “General Council” and/or “Fisheries Commission” with “the Commission”.

Consequently, a STACFAD Working Group was formed in 2010 to revise the NAFO Rules of Procedure, Financial Regulations and Staff Rules in anticipation of the amended Convention entering into force. The Report of the STACFAD Working Group, 28-29 April 2010 (GC Doc. 10-02) was adopted at the 32nd Annual Meeting, 20-24 September 2010.

There have been numerous amendments to the NAFO Rules of Procedure, Financial Regulations and Staff Rules between the adoption of the 2010 STACFAD Working Group Report and the entry-into-force of the amendments to the NAFO Convention on 18 May 2017.

For that reason, the NAFO Secretariat presents the enclosed text for the NAFO Financial Regulations which is an amalgamation of the revised text adopted at the 32nd Annual Meeting, 20-24 September 2010 and amendments made from 2010 onwards specifically:

- Insertion of Rule 5: Scientific Research Fund (GC Doc. 13-03);
- Insertion of Rule 6: Trust Funds (Annex 7 of GC Doc. 14-03);
- Insertion of bullet point under newly renumbered Rule 7: Books of Accounts (GC Doc. 13-03);
- Insertion of “Scientific Research Fund” under newly renumbered Rule 7.3 (GC Doc. 13-03);
- Insertion of “Trust Funds” under newly renumbered Rule 7.3 (Annex 7 of GC Doc. 14-03);
- Amendment as follows (in italics) of newly renumbered Rule 9.10: External Audit (GC Doc. 13-07) to “The Auditors shall serve for a maximum term of five (5) years”; and
- Renumbering of subsequent rules with each insertion and/or amendment.

References within the Financial Regulations to the Convention have been also updated to reflect the new article numbers in the amended Convention.
NAFO Financial Regulations

FINANCIAL YEAR

Rule 1

The financial year shall be the period 1 January to 31 December.

BUDGET

Rule 2

2.1 The Executive Secretary shall prepare and submit to the annual meeting budgetary estimates in Canadian dollars of income and expenditures of the Commission, the Scientific Council, and the Secretariat covering income and expenditures for the following financial year. He/she shall transmit these to all Contracting Parties at least 60 days before the opening of the regular annual meeting. At the same time, he/she shall prepare a forecast budget for the subsequent financial year.

2.2 The estimates and forecast shall be divided into categories, and shall be accompanied by such information as the Commission may specify from time to time, and as the Executive Secretary may deem useful.

2.3 The Commission and the Scientific Council shall report to the Standing Committee on Finance and Administration on anticipated costs necessary for the conduct of their business.

2.4 The Standing Committee on Finance and Administration shall meet during each annual meeting of the Commission to examine the estimates and shall report thereon to the Commission. After consideration of the report, and after any necessary adjustments or revisions have been made, the Commission shall adopt the budget.

APPROPRIATIONS

Rule 3

3.1 The appropriations adopted by the Commission in the budgets shall constitute an authorization to the Executive Secretary to incur obligations and make payments for the purposes and up to the amounts so adopted.

3.2 Appropriations shall remain available for 12 months following the end of the financial year to which they relate to the extent that they are required to discharge obligations incurred during that financial year. At the end of the 12-month period, any unliquidated prior year obligations shall be cancelled, or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

3.3 The Executive Secretary may transfer appropriations between categories in the budget adopted by the Commission provided that these categories are not altered in more than 10% of the amounts in the adopted budget and that a statement of all such transfers shall be submitted to the Commission and the Auditors with the annual financial statements. The total amounts transferred in any one year shall not exceed 1% of the total adopted budget. The Chairperson of the Commission may however authorize the Executive Secretary to transfer appropriations between categories above those limits.

INCOME AND EXPENDITURES

Rule 4

4.1 There shall be established proper books of account for the purpose of accounting for the receipts and expenditures of the Organization.

4.2 Within the books of account, there shall be established an accumulated surplus account to which shall be credited:

a) excess of receipts over expenditures at the end of the financial year;
b) unexpended balances at the end of the 12-month period specified in Rule 3.2 for prior year obligations, but not disbursed;

4.3 Monies available in the accumulated surplus account may be used temporarily to the extent necessary to finance appropriations pending receipt of annual payments by Contracting Parties.

4.4 The Chairperson of the Commission, in consultation with the Chairperson of STACFAD and the members of the Commission, may authorize expenditures from the accumulated surplus account for unforeseen and extraordinary expenses to the good conduct of the business of the Organization.

4.5 The Standing Committee on Finance and Administration and the Commission shall review the amount available in the accumulated surplus account during each annual meeting. Insofar as possible, the Commission shall anticipate unforeseen expenditures during the succeeding three years and shall attempt to maintain the accumulated surplus account at a level sufficient to finance operations during the first three months of the year plus an amount up to a maximum of 10% of the annual budget for the current financial year for use in an emergency in accordance with Rule 4.4.

4.6 The Commission shall establish the amount of the annual contribution due from each Contracting Party pursuant to the annual budget based on Article IX.2 of the Convention. The nominal catches for this determination shall be the reported catches of the fishery resources listed in Annex I.

4.7 The Executive Secretary shall inform each Contracting Party of the annual contribution due in accordance with Article IX.3 of the Convention as soon as possible after the Commission has adopted the annual budget. In calculating the contributions, the Executive Secretary shall reduce the amount appropriated in the budget by the amount of staff assessments for the preceding year, if any, and by the amount determined by the Commission to be in excess of the needs of the accumulated surplus account.

4.8 If a Contracting Party has not submitted its nominal catches according to the stipulations in Article IX.2 of the Convention by the required date, the most recent catch report available from that Contracting Party will be used for the calculation of contributions that are then considered final for that financial year. Subsequent reporting of applicable catches by the Contracting Party will be applied towards the calculation of contributions for the following financial year.

4.9 Annual contributions shall be due and payable in full within 30 days of receipt of the information from the Executive Secretary referred to in Rule 4.7 or the first day of the financial year, the unpaid balance shall be considered to be in arrears.

4.10 New Contracting Parties for the first year, shall pay their annual contribution within 90 days of depositing an instrument of accession with the Depositary Government for that financial year, in accordance with Article IX.6 of the Convention.

**SCIENTIFIC RESEARCH FUND**

**Rule 5**

The Commission may establish a Scientific Research Fund to support scientific research projects recommended by the Commission and/or the Scientific Council or specific non-recurring projects entered into with third parties. The source of monies therein being discretionary contributions from Contracting Parties, above and beyond their annual budget contributions, from agencies of Contracting Parties and from other donors, with the following restrictions:

(a) Contributions to any scientific research project under the Scientific Research Fund may be accepted, provided that the purposes for which the contributions are made are consistent with the policies, aims, and activities of the Organization; and

(b) Contributions offered from sources other than Contracting Parties to any scientific research project under the Scientific Research Fund may be accepted, subject to agreement by the Contracting Parties.
that the purposes of the contributions are consistent with the policies, aims, and activities of the Organization.

This fund shall not be used to fund the general operations of the Organization, except for the recovery of administrative expenses associated with these projects.

The Executive Secretary shall report to the Commission/STACFAD at each Annual Meeting on the condition of the Scientific Research Fund, including the contributions received and their dispositions.

The Scientific Research Fund is administered by the Executive Secretary, subject to guidelines established by the Commission.

**TRUST FUNDS**

**Rule 6**

The Executive Secretary may accept on behalf of NAFO voluntary contributions from Contracting Parties, or from other sources subject to agreement by the Contracting Parties, provided that the purposes for which such voluntary contributions have been made are consistent with the policies, aims and activities of NAFO.

The Executive Secretary shall establish trust funds to cover such voluntary contributions and shall report on their receipt and use to the Commission/STACFAD.

**BOOKS OF ACCOUNT**

**Rule 7**

7.1 Appropriate separate accounts shall be kept for the receipts and expenditures of NAFO and for the contributions and disbursements for each scientific research project established under the Scientific Research Fund.

7.2 The Executive Secretary shall establish detailed financial procedures in order to ensure financial administration and the exercise of economy.

7.3 The Executive Secretary shall maintain such accounting records as are necessary for each financial year, including:

- **General Operating Budget**
  a) income and expenditures;
  b) the status of appropriations, including:
    i) the original budget appropriations;
    ii) transfers between appropriation categories;
    iii) amounts charged against appropriation categories;
  c) the status of the accumulated surplus account;
  d) funds held in currencies other than Canadian dollars.

- **Scientific Research Fund**
  a) contributions and disbursements for each scientific research project;
  b) the status of the funds for each scientific research project.

- **Trust Funds**
  a) contributions and disbursements for each trust fund;
  b) the status of the funds for each trust fund.
7.4 The annual financial statements shall be submitted by the Executive Secretary to the Auditors no later than 30 days following the end of the financial year.

7.5 The Executive Secretary may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided that a statement of all such amounts written off shall be submitted to the Commission and the Auditors with the annual financial statements.

**SALARIES**

Rule 8

8.1 The Commission shall adopt from time to time a salary scale for the Executive Secretary and the staff based, to the extent possible, on the salary scale and position classification system of the Public Service of Canada.

8.2 There shall be an assessment on the salary of each member of the staff, based on the amount of each staff member's Canadian Income Tax, the amount to be determined by the Executive Secretary in consultation with the Canadian authorities. The staff assessment shall be applied in accordance with Rule 4.7.

8.3 The Canadian Government Employee's Compensation Act shall be applicable to the staff, as provided by the Government of Canada. The Executive Secretary is authorized to make payments with respect to amounts charged to the Organization under the Act from current appropriations which are otherwise unobligated and which would be surplus at the end of the financial year. These items shall be included in the annual budget.

**EXTERNAL AUDIT**

Rule 9

9.1 Having regard to the budgetary provisions for the Audit, the auditors, appointed in accordance with Article IX.8, of the Convention, shall perform such an audit as they deem necessary to certify:

   a) that the financial statements are in accord with the books and records of the Organization;

   b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;

   c) that the monies on deposit and on hand have been verified by certificate received direct from the Organization depositories or by actual count.

9.2 Subject to the directions of the Commission, the Auditors shall be the sole judge as to the acceptance in whole or part of the certifications by the Executive Secretary and may proceed to such detailed examination and verifications as they choose of all financial records, including those related to supplies and equipment if considered necessary.

9.3 The Auditors may affirm by test the reliability of the system of internal control and may make such reports with respect thereto as they may deem necessary.

9.4 The Auditors and their staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the Auditors, necessary for the performance of the audit. Information classified in the records of the Executive Secretary as confidential, and which is required for the purposes of the audit, shall be made available on application to the Executive Secretary.

9.5 The Auditors, in addition to certifying the financial statement, may make such observations as they deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. In no case, however, shall the Auditors include criticism in their audit report without first affording the Executive
Secretary an opportunity of explanation to the Auditors of the matter under observation. Audit objections to any item in the financial statements shall be immediately communicated to the Executive Secretary.

9.6 The Auditors shall have no power to remove items in the accounts, but shall draw to the attention of the Executive Secretary for appropriate action any transaction concerning which they entertain doubt as to legality or propriety.

9.7 The Auditors shall prepare a report on the accounts certified, and on any matters on which the Commission by resolution thereon may from time to time give specific instructions.

9.8 The Auditors shall submit their report to the Commission, not later than 90 days after having received the year’s financial statements from the Executive Secretary.

9.9 The Standing Committee on Finance and Administration shall forward to the Commission its comments, if any, on the audit report.

9.10 The Auditors shall serve for a maximum term of five (5) years.

**BONDING**

**Rule 10**

The Executive Secretary and such staff as he/she deems necessary shall be bonded in Canadian currency by any reputable bonding company in such amount as may be determined by the Commission from time to time. The cost of the premium for bonding shall be assumed by the Organization.

**DELEGATION OF AUTHORITY**

**Rule 11**

The Executive Secretary may delegate to other staff of the Secretariat such of his/her powers as he/she considers necessary for the effective implementation of these regulations.

**INTERPRETATION**

**Rule 12**

The Chairperson of the Commission shall rule, in cases of doubt as to the interpretation and application of any of these Rules.

**APPLICATION**

**Rule 13**

13.1 These Rules shall become effective on the first day of the month following their approval by the Commission.

13.2 These Rules may be amended only by the Commission.
Annex I to the Financial Regulations  
Pursuant to Rule 4.6 of the Financial Regulations

<table>
<thead>
<tr>
<th>Fish Name</th>
<th>Scientific Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic cod</td>
<td><em>Gadus morhua</em></td>
</tr>
<tr>
<td>Atlantic redfish</td>
<td><em>Sebastes spp.</em></td>
</tr>
<tr>
<td>Silver hake</td>
<td><em>Merluccius bilinearis</em></td>
</tr>
<tr>
<td>American Plaice</td>
<td><em>Hippoglossoides platessoides</em></td>
</tr>
<tr>
<td>Witch flounder</td>
<td><em>Glyptocephalus cynoglossus</em></td>
</tr>
<tr>
<td>Yellowtail flounder</td>
<td><em>Lomanda ferruginea</em></td>
</tr>
<tr>
<td>Greenland halibut</td>
<td><em>Reinhardtius hippoglossoides</em></td>
</tr>
<tr>
<td>Roundnose grenadier</td>
<td><em>Coryphaenoides rupestris</em></td>
</tr>
<tr>
<td>Capelin</td>
<td><em>Mallatus villosus</em></td>
</tr>
<tr>
<td>Short-finned squid</td>
<td><em>Illex illecebrosum</em></td>
</tr>
<tr>
<td>Shrimp</td>
<td><em>Pandalus sp.</em></td>
</tr>
<tr>
<td>White hake</td>
<td><em>Urophycis tenuis</em></td>
</tr>
<tr>
<td>Skate</td>
<td><em>Amblyraja radiata</em></td>
</tr>
<tr>
<td>Greenland cod</td>
<td><em>Gadus ogac</em></td>
</tr>
<tr>
<td>Atlantic wolfish</td>
<td><em>Anarhichas lupus</em></td>
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<tr>
<td>Spotted wolfish</td>
<td><em>Anarhichas minor</em></td>
</tr>
<tr>
<td>Roughhead grenadier</td>
<td><em>Macrourus berglax</em></td>
</tr>
<tr>
<td>Spiny dogfish</td>
<td><em>Squalus acanthias</em></td>
</tr>
<tr>
<td>Black dogfish</td>
<td><em>Centroscyllium fabrici</em></td>
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</tbody>
</table>