

**BY-LAWS
THE TOY ASSOCIATION**

**ARTICLE I *
Name**

- 1.1 The name of the Association shall be The Toy Association, Inc.

**ARTICLE II
Objectives of Association**

- 2.1 To promote an association of toy, play and gaming manufacturers, licensors, inventors, independent sales representatives, retailers, distributors, and importers operating in the 24 countries that comprise the North American market.
- 2.2 To preserve, strengthen, enlarge, unify and coordinate the activities of the North American toy, play and gaming industry.
- 2.3 To lead the industry in all areas of business and corporate social responsibility so that consumers and the trade understand the industry's concern with the wellbeing of children and the interests of consumers.
- 2.4 To ensure members can maximize opportunities to profitably expand to new international markets and conduct global business.
- 2.5 To support manufacturers and importers in the efficient production of safe, durable toys, play and gaming products. To establish voluntary standards and help manufacturers in conforming to these accepted standards.
- 2.6 To represent the industry before national and local legislatures, administrative and standards agencies, and all similar international bodies, and to inform members about legislative and regulatory developments. To anticipate governmental developments globally which may affect the toy industry and assume an active role in protecting the industry's interests.
- 2.7 To inform the members on all matters of interest to the toy industry through the use of all forms of electronic and printed communications, webinars, seminars, and conferences.
- 2.8 To promote the use of products manufactured by members of the Association by means of research, publicity, and advertising, and through shows and other marketing techniques.
- 2.9 To facilitate an exchange of idea and information among the members of the Association through statistics, meetings, and publications.

ARTICLE III Office

The principal office of this Association shall be designated by the Board of Directors.

ARTICLE IV Membership

- 4.1 There shall be two classes of membership, regular and associate members.
- 4.2 Regular Member. Any corporation, partnership, or individual actively engaged in North America for the manufacture, development, importation, sale, or general distribution of toys, play and gaming products; provided that they derive a portion of their revenue from such business.
- 4.3 **Associate Member.** Any corporation, partnership or individual
- 1) primarily engaged in the business of rendering testing laboratory or factory audit services to the toy industry;
 - 2) primarily engaged in the promotion of children's toys and other children's products as well;
 - 3) that is a trade association with some overlapping membership or interests and concerns in common with the Association;
 - 4) that publishes a magazine or newsletter that primarily covers the toy industry or a consumer toy magazine;
 - 5) that provides essential services to regular members as determined by the Board of Directors.
- 4.4 Recommendations of the President and the Membership Recruitment and Retention Committee shall be submitted to the Board of Directors as soon as practicable. A majority vote of the members of the Board of Directors shall be necessary to elect an applicant to membership.
- 4.5 If any member of the Association shall commit any act detrimental to the interests of the toy industry or of this Association, such members may be expelled or suspended from the Association or otherwise disciplined as hereinafter provided.
- 4.6 The procedure for disciplining, suspending, or expelling a member shall be as follows:

A member against whom a complaint is made shall receive five days written notice to appear before the Board of Directors or before a duly authorized committee designated by the Board of Directors for such purpose and said member shall be informed in such notice of the charge or complaint made against him. Such member shall have the right to appear at such hearing or adjourned hearing with or without counsel, in the discretion of the Board of Directors. The Board of Directors shall formulate its own rules or procedure. If the hearing is had by a committee, the said committee shall make its report, findings, and recommendations, in writing to the Board of Directors who shall thereupon make a final

determination. A vote of two-thirds of the Board of Directors present at a meeting called for that purpose or at any regular or special meeting shall be sufficient to expel, suspend or otherwise discipline a member of this Association.

In cases where the hearing shall affect a member of the Board of Directors or any officer of this Association, his/her vote shall not be counted or be included in determining whether a quorum is present for the purpose of transacting business or passing upon the issues before the meeting.

- 4.7 A member who shall have been expelled, suspended or disciplined in the manner set forth in the preceding sections, shall have the right to make application to the Board of Directors of this Association for a re-hearing, provided that application for such re-hearing is made in writing, not later than ten days from the date when such decision shall have theretofore been rendered by the Board of Directors of this Association, and of which decision the Members shall have notice, and at the meeting of the Board next ensuing the receipt of such request by the President of this Association, it shall be determined by a majority vote whether such re-hearing shall be granted, and the decision of the Board of Directors in this respect shall be final, binding and conclusive.
- 4.8 Regular members of the Association shall agree to abide by the provisions of the ICTI Code of Business Practices or substantially similar Code.

ARTICLE V

Board of Directors

- 5.1 The general management of this Association shall be vested in the Board of Directors consisting of not less than 13 nor more than 21 regular members, all of whom shall be elected by the regular members of the Association at its annual meetings in accordance with the provisions of Section 11.1 hereof.
- 5.2 The Board of Directors shall have power and authority to levy assessments for the maintenance of this Association payable in such amount and at such time and in such manner as the Board of Directors shall determine and each and every member shall promptly comply with the terms of such assessment.
- 5.3 The Board of Directors shall have full power and authority to retain such agents, employees, attorneys, and representatives as it may deem proper.
- 5.4 The Board of Directors shall have full power and authority to expel, suspend, and otherwise discipline the members of this Association in accordance with these by-laws.
- 5.5 The Board of Directors shall have power to make such rules and regulations from time to time and take such action not inconsistent with these by-laws as will be necessary for the protection of the property of the Association and for the general management of its affairs.
- 5.6 The Board of Directors shall have full power to remove any director for his/her failure to attend two successive regular meetings of the Board of Directors unless excused by the Chairman of the Board.
- 5.7 The Board of Directors shall have full power and authority from time to time to elect a President who shall serve as Chief Executive Officer of the Association,

subject to the direction of the Board of Directors. The Board of Directors shall have the power and authority to engage such President for a term not exceeding three years, upon such terms, compensation, and provisions as the Board of Directors, in its discretion, shall prescribe, and the Chairman shall have full power and authority to execute any and all agreements for the engagement of the President on behalf of the Association. The Executive Committee shall annually review the action and activities of the President and at or prior to each annual meeting shall give to the Board of Directors in writing an evaluation of the performance of the President and their recommendations concerning any action that should be taken with respect to the termination of his/her engagement, or the renewal or extension of his/her term.

- 5.8 The Association shall to the extent legally permissible, indemnify each person who may serve or who has served as an officer, director, or employee of the Association against all reasonable expense and liabilities incurred by or imposed upon them in connection with any threatened, pending or completed action, suit or proceeding in which such person may become involved by reason of service in such capacity on behalf of the Association; provided that no indemnification extends to any matter that has been finally adjudicated in any proceeding that such person did not act in good faith in the reasonable belief that such action or omission was in the best interest of the Association; and further provided that any compromise or settlement payment shall be approved by a majority vote of a quorum of directors. This indemnification shall inure to the benefit of the heirs, executors and administrators of the person entitled to indemnification hereunder.

ARTICLE VI

Officers

- 6.1 The officers of the Association shall be Chairman of the Board, Vice Chairman of the Board and Chairman-elect, President, and Secretary-Treasurer.
- 6.2 The officers will be members of the Board of Directors. The President shall be an ex officio member of the Board of Directors. The office of Chairman shall be filled by a person who at any time preceding his/her election has completed, or who at the time of his/her election is in the course of completing at least one year as a Director of the Association. The office of Vice-Chairman shall be filled by a person who at any time within the three-year period immediately preceding his/her election shall have served or be in the course of serving at least one year as a Director of the Association at the time of his/her election as Vice Chairman. If the person elected Chairman or Vice Chairman is not then a member of the Board of Directors, he/she shall by virtue of his/her election as Chairman or Vice Chairman become a member of the Board of Directors for his/her term in office.
- 6.3 The office of President shall be filled by a person who is not a manufacturer, importer, or distributor of toys, and who is not employed directly or indirectly by a manufacturer, importer, or distributor thereof. The President shall receive such compensation and furnish such bond as shall be fixed by the Board of Directors, the premium on said bond to be paid by the Association.
- 6.4 All officers, except the President, shall take office at the conclusion of the annual meeting of the Association immediately following their election by the Board of Directors and hold office for a term of one year, which may be renewed for a second year. The President shall take and hold office for such term, not in excess of three years, as the Board of Directors may designate from time to time.

The term of office of the President may be renewed or extended by the Board of Directors.

ARTICLE VII

Duties of Officers

- 7.1 **Duties of Chairman of the Board.** The Chairman shall preside at all meetings of the Association and all meetings of the Board of Directors and shall perform such other duties and functions as custom and parliamentary form require. The Chairman also shall be an ex-officio voting member of all committees of which he/she is not an active member.
- 7.2 **Duties of the Vice Chairman of the Board.** During the absence or disability of the Chairman, the Vice Chairman shall have the right, power and duty to perform the duties of the Chairman. When directed by the Chairman, he/she shall act on behalf of the Chairman in all matters affecting the Association including attendance at meetings as a representative of the Association. He/She shall consult with the Chairman on all affairs of the Association.
- 7.3 **Duties of the President.** The President shall serve as Chief Executive Officer of the Association, subject to the direction of the Executive Committee and Board of Directors. He/She shall be a non-voting, ex-officio member of all committees and the Board of Directors.
- 7.4 **Duties of the Secretary-Treasurer.** The Secretary-Treasurer shall attend all meetings of the Association and of the Board of Directors. He/She shall have custody of the corporate seal. He/She shall supervise the payment of all bills under the direction of the Board of Directors of this Association and shall supervise the deposit of its funds in the name of the Association in such bank or trust companies as shall be designated by the Board of Directors. He/She shall supervise the keeping of regular accounts in books belonging to the Association which shall be open to inspection of any member of the Board of Directors. At the annual meeting he/she shall make a complete and full report of the receipts and disbursements of the past year suitably classified, and of all outstanding obligations of the Association. He/She shall furnish such bond as may be determined by the Board of Directors, the premium therefore to be paid by the Association. The books shall be audited at least once a year within 180 days of the end of the Association's Fiscal Year by an independent certified public accountant duly licensed in the State of New York.

ARTICLE VIII

Standing Committees

- 8.1 There shall be the following standing committees:
- Advisory Committee
 - Audit Committee
 - Executive Committee
 - Membership Recruitment and Retention Committee
 - Nominating Committee
 - Safety Standards Committee

8.2 The following are the descriptions of the membership and duties of the standing committees:

8.2.1 The Advisory Committee shall be composed of the last Chairman of the Board of the Association and members appointed under Section 8.2.1 (a) who are members in good standing. It shall be the duty of this committee to act in advisory capacity to the Board of Directors and it shall have such other duties and privileges as may be provided from time to time by the Board of Directors. The immediate past Chairman of the Board shall serve as Chairman Emeritus and act in an advisory capacity to the Board of Directors and undertake other duties as may be provided from time to time by the Board of Directors. The Chairman Emeritus shall be an *ex officio* of the Board of Directors.

8.2.1(a) In addition to the members above, the Chairman may, with Board approval, appoint any of the Association's standing committee Chairs and up to six additional members at large as members of the Advisory Committee based on recognition of an individual's career success, specific expertise in the industry and useful perspective. The Board may define the qualifications for such membership, which shall include a strong history of volunteering for and contributing to the Association and a strong desire to contribute further to the Association. Such members may attend but shall not have the right to vote at any Board of Director's meetings. The term of a committee member shall be for two years and may be renewed by the Board for one additional two-year term.

8.2.2 The Executive Committee shall be composed of the Chairman, Vice Chairman, Secretary-Treasurer and two Directors selected by the Board of Directors. It shall be the duty of this committee to take action on such matters as need consideration between the regular Board meetings and to maintain a more continuous contact with the Association's central office. The term of the Director members of the Executive Committee shall be one year and they may succeed themselves once.

8.2.3 The Membership Recruitment and Retention Committee shall consist of members of the Board of Directors and non-members appointed by the Chairman. It shall be the duty of this Committee to recruit new members and to identify services and benefits that this Association can offer or arrange for that would be of use to members and make proposals to the Board of Directors with respect thereto.

8.2.4 The Nominating Committee shall consist of the Chairman Emeritus, the Chairman, Vice Chairman and three At-Large Board members approved by the Board. It shall be the duty of this committee to nominate individuals as Directors, Chairman and Vice Chairman, Secretary-Treasurer and Director members of the Executive Committee, in accordance with the procedure set out in section 11.4 of these By-laws.

8.2.5 The Safety Standards Committee shall consist of safety experts from the staffs of member and associate member companies, and the Chairman shall appoint a board liaison who may be a Director or a member of the staff of the Association.

- 8.2.6 The Audit Committee shall consist of between four and six members of the Association's Board including the Chairperson and Vice-chairperson, if applicable. One such member shall be the Secretary/Treasurer of the Association. It shall be the duty of this Committee to provide oversight of (i) the integrity of the Association's financial statements, (ii) the Association's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the cooperation of the Association's management in conducting the annual audit.
- 8.2.7 Committee members may attend a committee meeting in person, by telephone, videoconference, or any equivalent simultaneous transmission.

ARTICLE IX

***Ad Hoc* Committees and Task Forces**

The Chairman may appoint *ad hoc* committees and task forces, with such duties as he/she shall deem appropriate. *Ad hoc* committee and task force operations shall sunset at the beginning of each Chairman's term unless their original charter is set for a longer period than one year or unless the Chairman expressly continues or reorganizes them. The Chairman shall appoint or approve the membership of all committees and task forces. The Chairman shall appoint a liaison to the Board who shall be a Director or a member of the staff of the Association. The President shall be an *ex-officio* member of all committees and task forces. Committee members may attend a committee meeting in person, by telephone, videoconference, or any equivalent simultaneous transmission.

ARTICLE X

Meetings

- 10.1 The annual meeting of the Association shall be held at such time and place as may be designated by the Board of Directors. Notice of such meeting shall be sent to each member at least 14 days prior thereto.
- 10.2 Special meetings of the members may be called at any time by the Chairman of the Board and notice of such meeting shall be given to all members in good standing at their last known business address at least seven days before such meeting. Special meetings must be called by the Chairman upon the written request of at least 33% regular members in good standing.
- 10.3 Only such business shall be transacted at a special meeting as is specified in the notice of meeting.
- 10.4 There shall be three regular meetings of the Board of Directors each fiscal year. All regular meetings of the Board of Directors shall be held upon 14 days notice, on call of the Chairman. Special meetings of the Board of Directors may be called at any time upon five days' notice on the call of the Chairman. Special meetings of the Board of Directors must be called by the Chairman if requested in writing by three Directors. Such meetings shall take place not later than ten days from the date of such request and at least five days' notice of the meeting shall be given to each Director. Members of the Board of Directors as well as committee members attending committee meetings may attend in person, by telephone, videoconference, or any equivalent simultaneous transmission.

- 10.5 At all meetings of the Association each regular member shall have one vote. The vote of a corporation must be cast by an officer thereof and the vote of a partnership must be cast by a member thereof.

ARTICLE XI Election

- 11.1 The term of a Director shall be two years starting with those directors elected at the 2011 annual meeting of the Association. Directors shall serve until other Directors are elected in their stead. Directors may be nominated for three consecutive two-year terms.
- 11.1.1 A Director who has served three terms shall be ineligible for reelection as a director until one year has elapsed since the expiration of his/her term (but this shall not apply with respect to the election of officers).
- 11.1.2 Directors appointed to a partial term shall be eligible to be nominated for three consecutive two-year terms.
- 11.2 To be eligible for election as a Director, an individual must be the member of the Association if such member is a sole proprietor; or a partner in the member of the Association if such member is a partnership or an officer of the member of the Association if such member is a corporation.
- 11.3 The Chairman, Vice Chairman, Secretary-Treasurer and two Director-members of the Executive Committee shall be elected by the Board of directors as set forth in Article VI.
- 11.4 At least six weeks prior to the annual meeting of the Association, the Nominating Committee shall submit to the President its nominations for vacancies on the Board of Directors. The President shall forthwith mail to each member of the Association a statement of the Nominating Committee's nominations and advise the membership of their right pursuant to Paragraph 11.5 of this Article.
- 11.5 Additional nominations for Directors may be made only in writing signed by not less than 10% of the regular membership of the Association and submitted to the President at least 30 days before the annual meeting. Notice thereof shall promptly be sent by the President to all members.
- 11.6 If there be more nominations for directorates than there are vacancies, an election shall be held by written ballot for each directorate and the person or persons nominated who receive the highest number of votes shall be declared elected to fill such vacancies.

ARTICLE XII Vacancies

- 12.1 If any vacancy occurs in the Board of Directors other than by expiration of a term the Directors shall have full power and authority to fill such vacancy until the next annual meeting of the Association at which time such vacancy shall be filled by the election of a member for the unexpired term of the class in which the vacancy occurred. If by reason of vacancies there are less than 13 Directors, the Board must fill sufficient vacancies to bring the Board up to 13. All other vacancies may be filled by the Board of Directors. Directors elected by the Board to fill vacancies shall serve until the next annual meeting.

- 12.2 The Board of Directors shall likewise fill all vacancies occurring, other than by expiration of term, among the officers of the Association.
- 12.3 An officer, Director, or a member of the Advisory Committee, upon the occurrence of any of the following events:
- (1) if he/she ceases to be a member of the Association if a sole proprietor; or (2) if he/she ceases to be an officer of the corporation of which he/she was an officer at the time of his/her election; or (3) if the corporation of which he/she was an officer at the time of his/her election ceases to be a member of the Association; or (4) if he/she ceases to be a member of the partnership of which he/she was a member at the time of his/her election; or (5) if the partnership of which he/she was a member at the time of his/her election ceases to be a member of the Association, shall have six months to change his/her status before losing eligibility to hold that position.
- 12.4 If a vacancy occurs in the Advisory Committee other than by expiration of term, the Board of Directors shall have full power and authority to fill such vacancy for the unexpired term.
- 12.5 If two members of the Board of Directors are members of separate firms or corporations which merge or consolidate into one firm or corporation or if one becomes a part of or subsidiary of the other, then one of such Directors shall resign within six months or prior to the next annual meeting of the Association, whichever period is shorter.

ARTICLE XIII

Dues

- 13.1 **Regular Members.** Members shall pay dues in the amount determined by their annual revenues by the company and all affiliated companies related to toys, play and gaming products sold in the United States, Canada, Greenland, Mexico, and all nations of the Caribbean and Central America, or in accordance with a schedule developed and approved by the Board of Directors.
- 13.2 **Associate Members.** Associate Members shall pay dues in accordance with a schedule developed and approved by the Board of Directors.
- 13.3 Members in arrears of dues or assessments for more than 60 days after same shall become due and payable may be suspended from membership by the President. Notice shall be sent to the member by mail of such delinquency and the member shall have 30 days within which to pay and remain in good standing.
- 13.4 Any member who has been suspended for non-payment of dues or assessments may be restored to membership by a majority vote of the Board of Directors after such restoration has been recommended by the President and upon payment of all arrears existing at the time of suspension.

ARTICLE XIV

Fiscal Year

The fiscal year of the Association shall begin on January 1.

ARTICLE XV Amendments

These by-laws may be amended at an annual or at any special meeting called for that purpose by a two-thirds vote of the members present, provided that notice of such proposed amendments shall be embodied in the notice of such meeting. Upon consideration of any proposed amendment, changes relating thereto may be offered and voted on at the meeting.

ARTICLE XVI Seal

The Corporation shall have a seal, circular in form and have inscribed thereon the name of the Association, the year of its incorporation and a reference to the fact that same is incorporated under the laws of the State of New York.

ARTICLE XVII Quorum

- 17.1 At any membership meeting of the members of this Association the presence of 10% of the members in good standing in person or by proxy shall be required to constitute a quorum for the transaction of business.
- 17.2 If no quorum be present at the time designated for the membership meeting, the presiding officer may adjourn the meeting to another time and from time to time until a quorum shall be present.
- 17.3 At any regular or special meeting of the Board of Directors, the presence of a majority of then-qualified members shall be required to constitute a quorum for the transaction of any business.

ARTICLE XVIII Proxies

Members may be represented by proxies at any meeting of the members of this Association, provided however that no person shall be eligible to act as proxy unless he or she is either a member of this Association or any officer of a corporation which is a member of this Association, or a member of a partnership which is a member of this Association. Any proxy shall be revocable at the pleasure of members executing the same.