

**CANADIAN PUBLIC ACCOUNTABILITY BOARD**  
**CONSEIL CANADIEN SUR LA REDDITION DE COMPTES**



The Canadian Public Accountability Board (CPAB) has entered into a Memorandum of Understanding (MOU) with the Federal Audit Oversight Authority (FAOA), the Swiss audit regulator. In light of our shared mandate to oversee accounting firms that audit reporting issuers relevant to our respective jurisdictions, the MOU will facilitate cooperation in the area of public oversight, inspections and investigations of auditors. The MOU will also facilitate the exchange of information and documents such as audit working papers and inspection and investigation reports.

CPAB's objective is to increase its cooperation with foreign audit oversight regulators. The MOU with the FAOA is a positive step in this direction. CPAB continues to seek to establish cross-border audit oversight cooperation arrangements with other oversight regulators in several non-Canadian jurisdictions.

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**MEMORANDUM OF UNDERSTANDING BETWEEN *THE CANADIAN PUBLIC ACCOUNTABILITY BOARD* AND *THE SWISS FEDERAL AUDIT OVERSIGHT AUTHORITY* ON COOPERATION AND THE EXCHANGE OF INFORMATION RELATED TO THE OVERSIGHT OF AUDITORS**

The Canadian Public Accountability Board (“CPAB”), based on its obligations and authority under Canadian federal and applicable provincial laws;

and

the Swiss Federal Audit Oversight Authority (“FAOA”), based on its obligations and authority under the Swiss Federal Act of 16 December 2005 on the Licensing and Oversight of Auditors (Audit Oversight Act, AOA; SR 221.302) and the implementation of the legislation based thereon;

have agreed as follows:

**PURPOSE**

Both Parties seek to improve the quality, accuracy and reliability of the audit of public companies through audit regulation and auditor oversight so as to protect investors, help strengthen public trust in the audit process and increase investor confidence in their respective capital markets. Given the global nature of capital markets, the Parties recognise the need for cooperation in matters related to the oversight of Auditors that fall within the regulatory jurisdiction of a Party, to the extent such cooperation is compatible with the Parties’ respective Laws and/or Regulations, their important interests and their available resources.

The purpose of this MOU is to facilitate cooperation between the Parties to the extent permitted by their respective national Laws and/or Regulations in the area of public oversight, registration, Inspections and Investigations of Auditors of companies that are subject to the regulatory jurisdictions of the FAOA and CPAB. CPAB and the FAOA believe it is in their common interest to cooperate in the oversight of such Auditors to the extent such cooperation is compatible with the Parties’ respective Laws and/or Regulations, their important interests and their reasonably available resources. Cooperation is intended to permit the Parties to meet their respective statutory oversight mandates.

**DEFINITIONS**

1. For the purpose of this MOU,

“**Party**” or “**Parties**” means CPAB and/or the FAOA;

“**Auditor**” or “**Auditors**” means a natural person or an audit firm that is subject to a Party’s regulatory jurisdiction in accordance with the Audit Oversight Act in Switzerland or National Instrument 52-108 – Auditor Oversight in Canada;

“**Laws and/or Regulations**” means any laws, rules or regulations in force in the respective countries of the Parties;

“**Information**” refers to public and non-public information and/or documents which includes but is not limited to: (1) reports on the outcome of Inspections and investigations, including information on firm-wide procedures and engagement reviews, (2) audit working papers or other documents held by Auditors, and (3) other areas of mutual interest for the purpose of supervision, provided that the information relates to matters that are subject to the regulatory jurisdictions of a Party.

“**Inspections**” refers to external quality assurance reviews of Auditors generally undertaken on a regular basis with the aim of enhancing audit quality.

“**Investigations**” refers to investigations in response to a specific suspicion of infringement or violation of Laws and/or Regulations.

## COOPERATION

### *Scope of cooperation*

2. Cooperation includes the exchange of Information for the purpose of facilitating cooperation between the Parties in the area of public oversight, registration, Inspections and Investigations of Auditors.
3. A Party shall endeavour to inform the other Party, prior to or immediately after taking any significant oversight measures in respect of relevant Auditors that are registered or seek registration in the other country, to the extent permitted or required by Laws and/or Regulations.

### *Requests for information*

4. Each Party may, in its discretion, provide the other Party with Information upon request.
5. Requests will be made in writing (including e-mail) and be addressed to the contact person of the requested Party.
6. The requesting Party should specify the following:
  - (a) The Information requested;
  - (b) The purposes for which the Information will be used;
  - (c) The reasons why the Information is needed and, if applicable, the relevant Laws and/or Regulations or auditing standards that may have been violated;
  - (d) An indication of the date by which the Information is needed.
  - (e) To the best of the knowledge of the requesting Party, an indication whether the Information requested might be subject to further use, disclosure or transfer under paragraphs 19 to 22.

7. In the case where non-public Information is held exclusively by an Auditor subject to the regulatory jurisdictions of either Party, the other Party will not request the direct transfer of such Information from the Auditor. Such Information will be requested and transferred via the Parties.

8. In cases where the Information requested may be maintained by, or available to, another authority within the country of the requested Party, the Parties will endeavour to provide the Information requested, to the extent permitted by Laws and/or Regulations in their respective countries.

9. No Party is obligated under this MOU to cooperate with another Party in any particular circumstance, and either Party may deny requests for Information and assistance from another Party for any reason. If denying a request in whole or in part, the refusing Party shall inform the other Party of the reasons for its denial.

*Execution of requests for non-public Information*

10. Each request will be assessed on a case by case basis by the requested Party to determine whether non-public Information can be provided under the terms of this MOU. In any case where the request cannot be met in full within the desired time period, the requested Party will inform the requesting Party accordingly, and will consider whether other relevant Information or assistance can be given.

11. Each Party shall endeavour to provide a prompt and adequate response to requests for Information.

12. In order to avoid unnecessary delays, the requested Party will provide, as appropriate, parts of the requested Information as they become available.

13. The requested Party may refuse to act on a request where, for example:

- (a) It concludes the request is not in accordance with this MOU;
- (b) Acceding to the request would contravene the Laws and/or Regulations of the requested Party's country, in particular if the Information is to be passed on to criminal prosecution authorities or to authorities and bodies with powers to impose sanctions under administrative law and, due to the nature of the offence, legal assistance in criminal matters would be excluded or where such Information are covered by solicitor/attorney-client privilege or legal professional privilege under the Laws and/or Regulations of the requested Party's country;
- (c) It would burden the requested Party disproportionately.
- (d) It concludes it would be contrary to the public interest of the requested Party's country for assistance to be given;
- (e) The provision of Information would adversely affect the sovereignty, security or public order of the requested Party's country; or

- (f) Judicial proceedings (civil, criminal or administrative proceedings) have already been initiated, or become legally effective, in respect of the same actions and against the same persons before the authorities of the country of the requested Party.

14. Any non-public Information provided in response to a request under this MOU and any copies thereof shall be returned on request to the extent permitted by the applicable domestic Laws and/or Regulations.

## **CONFIDENTIALITY**

15. Each Party shall keep confidential all Information received or created in the course of cooperating in accordance with the terms of this MOU, subject to paragraphs 19 to 22. The obligation of confidentiality shall apply to all persons who are or have been:

- a employed by the Parties;
- b involved in the governance of the Parties; or
- c otherwise associated with the Parties.

16. The Parties have established and will maintain such safeguards as are necessary and appropriate to protect the confidentiality of the Information, including storing the Information in a secure location when not in use.

17. The Parties have provided each other a description of their applicable information systems and controls and a description of their Laws and/or Regulations that establish appropriate limits on access to non-public Information.

18. The Parties will inform each other if the safeguards, information systems, controls, Laws and/or Regulations referred to in paragraphs 16 and 17 above change in a way that weaken the confidentiality of the Information provided by the other Party.

## **USE OF NON-PUBLIC INFORMATION AND/OR DOCUMENTS**

19. The Parties may use Information received or created in the course of cooperation only for the exercise of their functions of public oversight, registration, Inspections and Investigations of Auditors. If any Party intends to use Information received or created in the course of cooperating for any purpose other than those stated in the request it must obtain the prior written and specific consent of the requested Party. If the requested Party consents to the use of Information for a purpose other than that stated, it may subject such use to conditions.

## **EXCEPTIONS TO CONFIDENTIALITY**

20. In the event that a Party is legally obligated to disclose or transfer the Information received or created in order to comply with its obligation under its domestic Laws and/or Regulations or

by a court order, it will provide, at least fifteen working days written notice to the other Party prior to its disclosure or transfer, stating the reasons as to why the Party is required to disclose such Information. If the other Party objects to such disclosure or transfer, the requesting Party will make best efforts to resist the disclosure or transfer of the Information and will provide assistance to the objecting Party in its own efforts to resist disclosure.

21. A Party may publicly announce its sanctions or disciplinary measures imposed on Auditors that fall within the regulatory jurisdiction of CPAB or FAOA, as permitted or required by Laws and/or Regulations of that Party's jurisdiction. Before making public such sanctions or disciplinary measures, the Party intending to announce the sanctions or disciplinary measures shall give reasonable advance written notice to the other Party prior to the announcement.

22. A Party that intends to disclose or transfer to a third party any Information received or created in the course of cooperation, other than in cases referred to in paragraph 20, must obtain the prior written and specific consent of the Party which provided the Information. The Party which intends to disclose or transfer the Information shall indicate the reasons and the purposes for which it would be disclosed or transferred. The requested Party may make its consent to the disclosure of the Information subject to conditions.

#### **THE TRANSFER OF PERSONAL DATA**

23. The Parties will only transfer personal data in accordance with their respective national Laws and/or Regulations.

#### **OTHER**

24. This MOU does not create any binding legal obligations, nor does it modify or supersede any Laws and/or Regulations in Canada or Switzerland. This MOU does not give rise to a right on the part of CPAB, the FAOA or any other governmental or non-governmental entity or any private person to challenge, directly or indirectly, the degree or manner of cooperation by CPAB or the FAOA.

25. This MOU does not prohibit CPAB or the FAOA from taking measures with regard to the supervision of Auditors that are different from, or in addition to, the measures set forth in this MOU.

26. The Parties shall, at the request of either Party, consult on issues related to the matters covered by this MOU, and otherwise exchange views and share experiences and knowledge gained in the discharge of their respective duties, to the extent consistent with their respective Laws and/or Regulations.

27. The Parties may consult informally, at any time, about a request or proposed request or about any Information provided.

28. The Parties may consult and revise the terms of this MOU in the event of changes in the Laws and/or Regulations affecting the operation of this MOU, or if the Parties themselves wish to modify the terms of their cooperation.

#### **ENTRY INTO EFFECT AND TERMINATION**

29. This MOU will come into force from the date of signature.

30. This MOU may be terminated by either Party at any time upon prior written notice to the other Party. The provision concerning confidentiality and on the transfer of personal data shall remain in force thereafter.

Thomas Rufer  
*Chairman of the Board of Directors*  
Swiss Federal Audit Oversight Authority

Date: 25.9.2014



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Frank Schneider  
*Chief Executive Officer*  
Swiss Federal Audit Oversight Authority

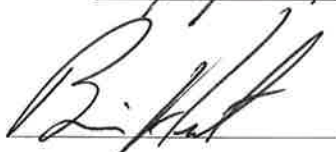
Date: 25.9.2014



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Brian A. Hunt  
*Chief Executive Officer*  
Canadian Public Accountability Board

Date: 29/9/2014



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