

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 Audit Oversight Commission of Germany (AOC), the German audit regulator. In light of their shared mandate to improve audit quality, the MOU will facilitate cooperation between the regulators in the area of public oversight, inspections and investigations of auditors subject to the regulatory jurisdictions of both CPAB and the AOC. The MOU will also facilitate the exchange of information and documents between the two regulators, 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 AOC 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.

MEMORANDUM OF UNDERSTANDING BETWEEN *THE CANADIAN PUBLIC ACCOUNTABILITY BOARD* AND *THE AUDITOR OVERSIGHT COMMISSION OF GERMANY* 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 Auditor Oversight Commission of Germany (“AOC”), based on its obligations and authority under the Wirtschaftsprüferordnung (German Public Accountant Act) and considering Article 47 of Directive 2006/43/EC and the decision of the European Commission referred to in Article 47, paragraph 1(c) of the Directive 2006/43/EC on the adequacy of the competent authorities of certain third countries including Canada (Commission Decision of 5 February 2010, No 2010/64/EU);

Recognising that the transfer of personal data from Germany to Canada must be in accordance with the Bundesdatenschutzgesetz (Federal Data Protection Act) implementing Directive 95/46/EC, and in particular Chapter IV of Directive 95/46/EC; and

Recognising the Commission Decision of 20 December 2001 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data provided by the Canadian Personal Information Protection and Electronic Documents Act, Decision No. 2002/2/EC,

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 subject to the regulatory jurisdictions of both CPAB and the AOC.

The purpose of this MOU is to facilitate cooperation between the Parties to the extent permitted by their respective national laws in the area of public oversight, inspections and investigations of Auditors subject to the regulatory jurisdictions of both CPAB and the AOC.

CPAB and the AOC believe it is in their common interest to cooperate in the oversight of Auditors that fall within the regulatory jurisdiction of both Parties 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. Cooperation is also intended to assist the Parties in

determining the degree to which one Party may rely, in the future, on the other Party's oversight activities with regard to Auditors that fall within the regulatory jurisdiction of both Parties.

DEFINITIONS

1. For the purpose of this MOU,

"Party" or **"Parties"** means CPAB and/or the AOC;

"Auditor" or **"Auditors"** means a natural person or an audit firm that is subject to a Party's regulatory jurisdiction in accordance with the Wirtschaftsprueferordnung implementing Directive 2006/43/EC and National Instrument 52-108 – Auditor Oversight;

"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:

- (a) reports on the outcome of Inspections and Investigations, including information on firm-wide procedures, provided these reports relate to the Auditors that fall within the regulatory jurisdiction of both CPAB and the AOC; or
- (b) audit working papers or other documents held by Auditors that fall within the regulatory jurisdiction of both CPAB and the AOC and provided this information relates to matters that are subject to the regulatory jurisdiction of both CPAB and the AOC.

"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, inspections and investigations of Auditors subject to the regulatory jurisdictions of both Parties.

3. A Party shall endeavour to inform the other Party, within a reasonable amount of time, of a sanction or disciplinary measure it has imposed on an Auditor that falls within the regulatory jurisdiction of both Parties and which relates to a systemic defect in the quality of the audit work of such Auditor.

4. In the case where non-public Information is or are 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.

5. 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 law or regulations in their respective countries.

Requests for information

6. Each Party may, in its discretion, provide the other Party with Information upon request.
7. Requests will be made in writing (including e-mail) and be addressed to the contact person of the requested Party.
8. 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/are needed and, if applicable, the relevant auditing standards that may have been violated;
 - (d) An indication of the date by which the Information is/are needed.
 - (e) To the best of the knowledge of the requesting Party, an indication whether the Information requested might be subject to further use or disclosure under paragraphs 18 to 20.

Execution of requests for non-public Information

9. 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.
10. Each Party shall endeavour to provide a prompt and adequate response to requests for non-public Information.
11. In order to avoid unnecessary delays, the requested Party will provide, as appropriate, parts of the requested non-public Information as they become available.
12. 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, rules, or regulations of the requested Party's country or where such non-public Information are covered by solicitor/attorney-

client privilege or legal professional privilege under the Laws or Regulations of the requested Party's country;

- (c) It concludes it would be contrary to the public interest of the requested Party's country for assistance to be given;
- (d) The provision of non-public Information would adversely affect the sovereignty, security or public order of the requested Party's country; or
- (e) Judicial proceedings have already been initiated in respect of the same actions and against the same persons before the authorities of the country of the requested Party.

13. Any non-public document or other material 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 Regulations.

14. Communication between Authorities will be in English.

15. As to requests for assistance in obtaining non-public Information, the requested Party may propose that the requesting Party make a contribution to costs incurred by the requested Party in response to the request for assistance. If the costs of executing the request are substantial, the requested Party will advise the requesting Party and will provide an estimate of the costs. The Parties will then discuss alternative means for obtaining the non-public Information and the requesting Party will determine if it will proceed with the request. The requested Party may deny such a request for assistance if the requesting Party does not agree to contribute to such costs.

CONFIDENTIALITY

16. Each Party shall keep confidential all non-public Information received or created in the course of cooperating in accordance with the terms of this MOU, to the extent consistent with its Laws and/or Regulations. 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.

USE OF NON-PUBLIC INFORMATION AND/OR DOCUMENTS

17. The Parties may use non-public Information, including unsolicited non-public Information, received or created in the course of cooperation *only* as permitted or required under their authorizing statutes. If any Party intends to use non-public 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 non-public Information for a purpose other than that stated, it may subject such use to conditions.

EXCEPTIONS TO CONFIDENTIALITY

18. In the event that a Party is required to disclose the non-public Information received in order to comply with its obligation under its domestic Laws and/or Regulations or by a court order, it will provide, reasonable advance written notice to the other Party prior to its disclosure, stating the reasons as to why the Party is required to disclose such Information. If the other Party objects to such disclosure, the requesting Party will make best efforts to resist the disclosure of the non-public Information and will provide assistance to the objecting Party in its own efforts to resist disclosure.

19. A Party may publicly announce its sanctions or disciplinary measures imposed on Auditors that fall within the regulatory jurisdiction of both CPAB and AOC, 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.

20. A Party that intends to disclose to a third party, other than a relevant regulatory authority, law enforcement agency, a disciplinary, administrative law or criminal law court or professional regulatory authority, any non-public Information received or created in the course of cooperation, other than in cases referred to in paragraph 18, must obtain the prior written and specific consent of the Party which provided the non-public Information. The Party which intends to disclose the non-public Information shall indicate the reasons and the purposes for which it would be disclosed. The requested Party may make its consent to the disclosure of the non-public Information subject to conditions.

THE TRANSFER OF PERSONAL DATA

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

OTHER

22. This MOU does not create any binding legal obligations, nor does it modify or supersede any laws, regulations or regulatory requirements in Canada or Germany. This MOU does not give rise to a right on the part of CPAB, the AOC 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 AOC.

23. This MOU does not prohibit CPAB or the AOC 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.

24. 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.

25. 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 regulations.

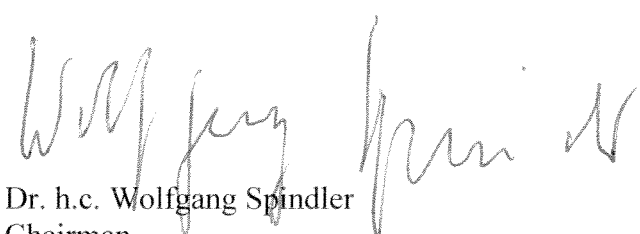
26. The Parties may consult informally, at any time, about a request or proposed request or about any Information provided.

27. The Parties may consult and revise the terms of this MOU in the event of changes in the laws, regulations, or practices affecting the operation of this MOU, or if the Parties themselves wish to modify the terms of their cooperation.

ENTRY INTO EFFECT AND TERMINATION

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

29. This MOU may be terminated by either Party at any time upon giving at least thirty days prior written notice to the other Party. If either Party gives such notice, this MOU will continue to have effect with respect to all requests made before the effective date of notification until the requesting Party terminates the matter for which assistance was requested. The provision concerning confidentiality shall remain in force thereafter.



Dr. h.c. Wolfgang Spindler
Chairman
Auditor Oversight Commission (Germany)

Date: 26. 9. 2013



Brian A. Hunt
Chief Executive Officer
Canadian Public Accountability Board

Date: September 16, 2013