

**STATEMENT OF PROTOCOL  
BETWEEN  
THE PUBLIC COMPANY ACCOUNTING OVERSIGHT  
BOARD OF THE UNITED STATES  
AND  
EL INSTITUTO DE CONTABILIDAD Y AUDITORÍA DE CUENTAS DE  
ESPAÑA**

The Public Company Accounting Oversight Board ("PCAOB") in the United States, based on its obligations and authority under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"),

and

el Instituto de Contabilidad y Auditoría de Cuentas ("ICAC") in Spain, based on its obligations and authority under Royal Legislative Decree 1/2011, 1<sup>st</sup> July, that approves the Consolidated Text of the Act on Auditing (as based on Article 47 of Directive 2006/43/EC) and the Commission Decision of 1 September 2010 referred to in Article 47 paragraph 1 (c) of the Directive 2006/43/EC on the adequacy of the competent authorities of Australia and the United States pursuant to Directive 2006/43/EC of the European Parliament and the Council, Decision No. 2010/485/EC);

have agreed as follows:

**Article I. Purpose of Statement**

- A. The PCAOB in the United States and the ICAC in Spain each seek to improve the accuracy and reliability of audit reports so as to protect investors and to help promote public trust in the audit process and investor confidence in their respective capital markets. Given the global nature of capital markets, the PCAOB and the ICAC recognize the need for cooperation in matters related to the oversight of the auditors subject to the regulatory jurisdictions of both the PCAOB and the ICAC.
- B. The purpose of this Statement of Protocol ("Statement") is to facilitate cooperation between the Parties to the extent permitted by their respective national laws in the oversight, inspections and investigations of auditors subject to the regulatory jurisdictions of the PCAOB and the ICAC. The PCAOB and the ICAC believe that it is in their common interest to cooperate in the oversight, including inspections and investigations, of auditors that fall within the regulatory jurisdiction of all Parties to the extent that 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, including by joint inspections, also is 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 all Parties.

- C. This Statement does not create any legal obligations or supersede domestic laws. This Statement does not give rise to a legal right on the part of the PCAOB, the ICAC or any other governmental or non-governmental entity or any private person to challenge, directly or indirectly, the degree or manner of cooperation by the PCAOB or the ICAC.
- D. This Statement does not prohibit the PCAOB or the ICAC from taking measures with regard to the oversight of auditors that are different from or in addition to the measures set forth in this Statement.

## Article II. Definitions

“Party” or “Parties” means the PCAOB and/or the ICAC.

“Auditor” means a natural person, an audit firm, or a person associated with such a firm, that is subject to a Party’s regulatory jurisdiction pursuant to the Royal Legislative Decree 1/2011, 1<sup>st</sup> July, that approves the Consolidated Text of the Act on Auditing in Spain and the Sarbanes-Oxley Act in the United States.

“Information” means public and non-public information which includes but is not limited to (1) reports on the outcome of inspections, including the results of firm-wide quality reviews and engagement reviews, provided that the reports relate to auditors that are subject to the regulatory jurisdictions of both the PCAOB and the ICAC, and (2) audit working papers or other documents held by auditors, provided that the documents relate to matters that are subject to the regulatory jurisdictions of both the PCAOB and the ICAC.

“Inspections” refers to reviews of auditors to assess the degree of compliance of each auditor with applicable laws, rules and professional standards in connection with its performance of audits, the issuance of audit reports and related matters, pursuant to the Royal Legislative Decree 1/2011, 1<sup>st</sup> July, that approves the Consolidated Text of the Act on Auditing in Spain and the Sarbanes-Oxley Act in the United States.

“Investigations” refers to investigations undertaken by a Party of any act or practice, or omission to act, by auditors that may violate or may have violated applicable laws, rules or professional standards, pursuant to the Royal Legislative Decree 1/2011, 1<sup>st</sup> July, that approves the Consolidated Text of the Act on Auditing in Spain and/or the Sarbanes-Oxley Act in the United States, respectively.

### Article III. Cooperation

#### A. Scope of Cooperation

1. Cooperation may include one Party sharing with the other Party information, including information relating to auditors that fall within the regulatory jurisdiction of both the PCAOB and the ICAC.<sup>1</sup> Any information provided shall be used by the requesting Party as permitted or required by their respective authorizing statutes – which include the Sarbanes-Oxley Act in the United States and the Royal Legislative Decree 1/2011, 1<sup>st</sup> July, that approves the Consolidated Text of the Act on Auditing in Spain – and any rules or regulations promulgated thereunder.
2. Cooperation may include one Party, consistent with its own laws, assisting the other Party in an inspection or an investigation by performing activities that may include but are not limited to (i) facilitating access to information, and/or, if requested, (ii) reviewing audit work papers and other documents; interviewing auditor personnel; reviewing an auditor’s quality control system and/or performing other testing of the audit, supervisory and quality control procedures of an auditor.<sup>2</sup>
3. Cooperation in the context of an inspection or investigation does not cover a request for assistance or information to the extent that it involves a Party obtaining on behalf of the other Party information

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<sup>1</sup> The ICAC has informed the PCAOB that according to article 43.1 second paragraph of the consolidated text of the Act on Auditing “the Accounting and Auditing Institute may, when the request is duly justified by the competent authorities in a third country, release to them the working papers and other documents in the possession of the auditors or audit firms relative to the audits of companies domiciled in Spain that have issued securities in the third country or companies that are part of a group that publishes annual accounts in the said third country.”

<sup>2</sup> The ICAC has informed the PCAOB that Article 103.1 of the Regulation that develops the consolidated text of the Law on Auditing only permits the personnel of any competent third country audit oversight authority to participate in an inspection of a Spanish auditor or audit firm together with personnel from the ICAC.

which the requesting Party is not entitled to under its own laws or regulations.

4. The scope of cooperation may vary over time and with each inspection or investigation.
5. Cooperation also may include the exchange of each Party's respective inspection guides.
6. The Parties may at the request of either Party consult on issues related to the matters covered by this Statement, 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.

#### B. Requests for information

1. Each Party may provide the other Party with information upon request.
2. Requests shall be made in writing (including e-mail) and addressed to an appropriate contact person of the requested Party.
3. The requesting Party shall specify the following, to the extent appropriate:
  - a) The information requested;
  - b) The reasons why the information is needed and, if applicable, the relevant provisions that may have been violated;
  - c) The purposes for which the information will be used.
  - d) An indication of the date by which the information is needed; and
  - e) To the best of the knowledge of the requesting Party, an indication of whether the information requested might be subject to further use or transfer under paragraphs C and D of Article V.
4. Barring exceptional circumstances, requests for non-public information from an auditor in the other Party's jurisdiction shall be sent to the other Party, which will pass on the request (in the form provided by the requesting Party) to the auditor.<sup>3</sup>

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<sup>3</sup> The ICAC has informed the PCAOB that according to article 43.3 of the Consolidated Text of the Act on Auditing in Spain, approved by Royal Legislative Decree 1/2011, 1st July, audit working papers and other

5. Subject to paragraph B. 6 of this Article, the requested Party may refuse to act on a request where, for example,
  - a) It concludes that the request is not in accordance with this Statement;
  - b) Acceding to the request would contravene the laws, rules or regulations of the requested Party's country;
  - c) It concludes that it would be contrary to the public interest of the requested Party's country for assistance to be given;
  - d) The provision of 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.
6. If a Party denies a request in part or in full or withholds any requested information (either on its own initiative or at the request of an auditor), the requested Party shall inform the requesting Party of the nature of the information being withheld and the reason(s) for its denial. In the event a Party or an auditor refuses to provide requested information, the Parties shall consult to determine if there are alternative ways to meet the purpose of the requesting Party. The Parties are aware that if the information is not provided, and the requesting Party determines that it cannot satisfy its regulatory obligations without the requested information, the requesting Party may take certain actions as allowed by its domestic laws, rules and regulations against the relevant auditor(s) for refusing to provide the requested information.
7. In cases where the information requested may be maintained by, or available to, another authority within the country of the requested Party, the requested Party shall consider whether it can obtain and provide to the other Party the information requested, to the extent possible in light of available resources and as permitted by the laws, rules or regulations in their respective countries.

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documents related to certain audits requested by the PCAOB can only be transferred to the PCAOB by the ICAC or, in exceptional cases, directly to the PCAOB by the auditor if approved by the ICAC, provided that:

- a) Investigations have been initiated by the requesting Party;
- b) The requesting Party informs in advance the other Party of each direct request for information indicating the reason thereof; and
- c) The transfer does not conflict with the obligations with which auditors are required to comply in relation to the oversight of their home competent authority

8. While the Parties may transfer information received in the course of cooperation to other entities in accordance with Sections C and D of Article V, the Parties themselves may use non-public information, including unsolicited information, received in the course of cooperation *only* as permitted or required by their respective authorizing laws, i.e., for the purpose of the public oversight, inspection and investigation of auditors. If the requesting Party intends to use information received in the course of cooperating for any purpose *other* than that stated in the original request under Article III.B.3.(b), it must obtain the prior written consent of the requested Party on a case by case basis. If the requested Party consents, it may subject it to conditions. The provisions of this paragraph apply to information received under this Statement which is reflected in documents created by either Party.
9. Any document or other material provided in response to a request under this Statement and any copies thereof shall be returned on request to the extent permitted by applicable laws, rules or regulations.
10. A Party may take copies of working papers or other documents held by an auditor in the other Party's jurisdiction to its own jurisdiction as necessary to comply with its documentation requirements, to support its inspection findings or for purposes of an investigation. The requested Party will identify the working papers or other documents copied for the requesting Party before transferring them. The arrangements established between the Parties with respect to the transfer of personal data in accordance with Article VI must be observed.

### C. Joint Inspections

1. If consistent with each Party's respective national legislation and in order to assist the Parties in determining the degree to which one Party may rely in the future on the other Party's inspections of auditors that fall within the regulatory jurisdiction of both Parties, the Parties may conduct joint inspections. Each Party may decline to carry out inspections jointly.
2. Before a joint inspection is carried out, the Parties shall endeavor to reach a consensus on a work plan for the joint inspection, including, in general, the steps and procedures to be performed during the joint inspection, including the audit engagements to be reviewed and the allocation of work between the staff of the PCAOB and the staff of the ICAC.



3. For each joint inspection, the Party in whose jurisdiction the joint inspection is conducted may choose to lead the joint inspection, meaning that the Party will manage communications with the auditors and organize the logistics of the joint inspections. In any case, the Party in whose jurisdiction the joint inspection is conducted shall receive all audit working papers and other documents from the auditors in the first instance before transferring them to the other Party, except under exceptional circumstances, as indicated in Article III.B.4., or if the Party in whose jurisdiction the joint inspection is being conducted elects otherwise.
4. While each Party is responsible for its own inspection procedures, as well as its own findings and conclusions that result from the joint inspection, the Parties shall consult with each other about their findings and conclusions during inspection field work and later as requested by either Party. The Parties shall also inform each other about possible findings to be provided to the inspected audit firm.
5. The requesting Party bears the costs of translation of the working papers or other documents provided under this Statement.

#### Article IV. Confidentiality

With respect to any non-public information provided to another Party, the Parties agree that:

- A. The requesting Party has 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.
- B. The requesting Party has provided to the other Party a description of its applicable information systems and controls and a description of the laws and regulations of the government of the requesting Party that are relevant to information access.
- C. The requesting Party will inform the other Party if the safeguards, information systems, controls, laws or regulations referenced in paragraphs A and B above change in a way that would weaken the protection for the information provided by the other Party.
- D. Except as provided in Article V of this Statement, each Party shall keep confidential all non-public information received in the course of cooperating. This includes information received under this Statement that is reflected in documents created by either Party. The obligation of confidentiality shall apply to all persons who are or have been

employed by the Parties, involved in the governance of the Parties or otherwise associated with the Parties.

- E. In addition, only individuals and entities that are independent of the auditing profession will have access to the non-public information and/or documents provided; "independent of the auditing profession" means that the individual or entity is not a practicing auditor, affiliated with an auditor or a member of the governing body or staff of a professional organization for auditors or accountants.

#### Article V. Exceptions to Confidentiality

- A. A Party may issue public inspection reports as permitted or required by the law of that Party's jurisdiction, including reports that identify the auditor inspected and the inspection results, but do not identify the names of the clients reviewed.
- B. A Party may publicly announce sanctions imposed upon auditors as permitted or required by the law of that Party's jurisdiction. Once having publicly announced any sanctions imposed on an auditor that is located in the other Party's jurisdiction and subject to the other Party's authority, the Party shall give notice of the publication to the other Party.
- C. The PCAOB may share with the U.S. Securities and Exchange Commission ("SEC") non-public information that the PCAOB has obtained from the ICAC, or from an auditor with the approval of the ICAC, in the course of cooperating under this Statement as follows:
  - 1. Upon the PCAOB's own initiative, any information obtained in connection with the PCAOB's audit regulatory functions, i.e., auditor oversight, quality assurance (including inspections), and investigations and discipline of auditors, that it considers relevant to (i) the SEC's oversight of auditors, or (ii) the SEC's oversight over the PCAOB.
  - 2. Upon request by the SEC, information shared for purposes of: (i) the SEC's oversight of auditors or (ii) the SEC's oversight over the PCAOB; and
  - 3. For information not available to the SEC under (1) or (2) above, the PCAOB shall follow the procedures set forth below in paragraph D of this Article V.



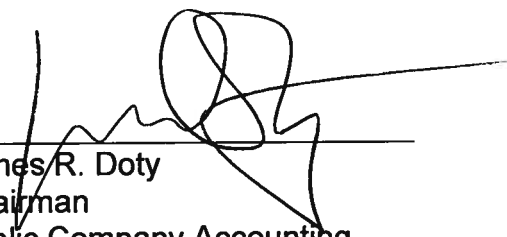
- D. Except as set out in paragraph C (1) and (2) of this Article V above, a Party that intends to transfer to a third party any non-public information received in the course of cooperation shall request the prior written consent of the Party which provided the information.
1. The Party that intends to transfer this information shall indicate the reasons and the purposes for which the information is to be transferred.
  2. The PCAOB may share such information only with those entities identified in section 105(b)(5)(B) of the Sarbanes-Oxley Act, which states that these entities shall maintain such information as confidential and privileged.
  3. The ICAC may share such information only with the Spanish law enforcement entities as allowed by Article 17 of the Law 6/1985 of 1<sup>st</sup> July on Judicial Power, when required to do so by judicial order. In such cases, the ICAC is obliged to notify the requesting law enforcement entity that the information shared has confidential status.
  4. A Party shall respond within ten days upon receiving notice from the other Party that it seeks to transfer information to a third party. The Party receiving such notice shall endeavor to provide its consent in response to requests to the transfer of information to third parties, if its applicable law does not preclude it from providing consent. Where the Party receiving notice concludes that it cannot give consent, it shall set out its reasons to the other Party. The Party seeking to transfer the information shall consider the other Party's objections and will consult further with the other Party before deciding whether it should transfer the information, despite the objections of the other Party.

#### Article VI. Personal data.

The transfer of personal data pursuant to this Statement is subject to the establishment of appropriate arrangements on the transfer of personal data.

Article VII. Entry into force, Expiration and Termination


- A. This Statement comes into force from the date of signature. It will expire on 31 July, 2013.
- B. The Parties may consult and revise the terms of this Statement in the event of a substantial change in the laws, regulations, or practices affecting the operation of this Statement.
- C. This Statement may be terminated by either Party by written notice to the other Party at any time. After termination of this Statement, the Parties shall continue to maintain as confidential, consistent with Articles IV and V, any information provided under this Statement.



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James R. Doty  
Chairman  
Public Company Accounting  
Oversight Board

Date: 9 July 2012



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Ana María Martínez-Pina  
La Presidenta  
Instituto de Contabilidad y Auditoría de Cuentas

Date: 16 June 2012