

**ADDENDUM TO THE STATEMENT OF PROTOCOL  
BETWEEN  
THE PUBLIC COMPANY ACCOUNTING OVERSIGHT  
BOARD OF THE UNITED STATES  
AND  
THE ACCOUNTING AND AUDITING INSTITUTE OF SPAIN**

The Public Company Accounting Oversight Board in the United States (PCAOB), based on its obligations and authority under the Sarbanes-Oxley Act of 2002, and the Accounting and Auditing Institute (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 (in force at that time, now Law 22/2015, of 20 July, on Auditing) 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 (the “2010 Decision”), signed a Statement of Protocol in July 2012 on cooperation with respect to the oversight of auditors (the “Statement of Protocol”).

Article 3 of the 2010 Decision stated that *“with respect to the competent authorities referred to in Article 1(2) (that is, the Public Company Accounting Oversight Board of the United States of America) and (3) (that is, the Securities and Exchange Commission of the United States of America), this Decision shall cease to apply on 31 July 2013.”*

As explained in recital 18 of the 2010 Decision *“the Public Company Accounting Oversight Board of the United States of America would like to evaluate further the auditor oversight systems of the Member States before deciding to rely on the oversight performed by their competent authorities. Therefore, the mechanism of cooperation between the competent authorities of the Member States and the Public Company Accounting Oversight Board of the United States of America and the Securities and Exchange Commission of the United States of America should be reviewed to assess the progress made towards reaching mutual reliance on each other. For these reasons, this Decision should cease to apply on 31 July 2013 in respect of the Public Company Accounting Oversight Board of the United States of America and the Securities and Exchange Commission of the United States of America”.*

Before that expiration date, the Commission issued, on 11 June 2013, a new decision regarding the adequacy of the competent authorities of the United States of America (the “2013 Decision”). Article 3 of that 2013 Decision established that it applied from 1 August 2013 to 31 July 2016.

Recital 15 of the 2013 Decision states that *“the Public Company Accounting Oversight Board of the United States of America intends to evaluate further the auditor oversight systems of the Member States before deciding to rely on the*

*oversight performed by their competent authorities. Therefore, the mechanism of co-operation between the competent authorities of the Member States and the Public Company Accounting Oversight Board of the United States of America and the Securities and Exchange Commission of the United States of America should be reviewed to assess the progress made towards reaching mutual reliance on each other's oversight systems. For those reasons, this Decision should be applicable for a limited period of time”.*

Since the 2013 Decision effectively renewed the 2010 Decision on the adequacy of the competent authorities of the United States of America, the PCAOB and ICAC executed an addendum to the Statement of Protocol as of July 16, 2013 to amend Article VII(A) and extend the term of the Statement of Protocol consistent with Article 43.1 of the consolidated text of the Law on Auditing (and Article 47 paragraph 1 (c) of the Directive 2006/43/EC).

Specifically, the 2013 addendum amended Article VII(A) to read as follows:

*“Article VII. Entry into force, Expiration and Termination*

- A. This Statement comes into force from the date of signature and shall be in force at any time that a Commission Decision on adequacy with respect to competent authorities in the United States required by Article 43.1 of the consolidated text of the Law on Auditing is in effect, provided that the Parties exchange, at the prior request of either Party, written letters expressing their willingness to continue cooperating pursuant to the SOP, when a new Commission Decision on adequacy is issued.”*

The Commission has subsequently issued an implementing Decision (EU) 2016/1156 of 14 July 2016 on the adequacy of the competent authorities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and of the Council. Article 3 of that Decision establishes that it applies from 1 August 2016 to 31 July 2022 (the “2016 Decision”).

Recital 18 of the 2016 Decision states that *“The competent authorities of the United States intend to further evaluate the auditor oversight systems in the Member States before deciding to fully rely on the oversight performed by their competent authorities. Therefore, the mechanism of cooperation between the competent authorities of the Member States and the competent authorities of the United States should be reviewed to assess the progress made towards reaching mutual reliance on each other's oversight systems. For that reason, this Decision should be applied for a limited period of time.”*

*New EU audit oversight legislation.* On 16 April 2014, Directive 2014/56/EU of the European Parliament and of the Council amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, was approved, along with the Regulation (EU) No 537/2014 of the European Parliament and of the Council, on specific requirements regarding the statutory audits of public-interest entities.

In particular, article 47 paragraph 2(d) of the Directive was modified to include an additional event when the request from a competent authority of a third country may be refused by an EU audit regulator that is as follows:

*“where final judgment has already been passed in respect of the same actions and on the same statutory auditors or audit firms by the competent authorities of the requested Member State.”*

*New Spanish implementing legislation.* The Kingdom of Spain adopted Law 22/2015, of 20 July on Auditing to transpose and implement the provisions of the Directive 2014/56/EU and the Regulation 537/2016, and in particular amending article 43 of the consolidated text of the Law on Auditing to include, as part of a new article 67, the additional event upon which an EU audit regulator may refuse a third country request for information.

As a consequence of this new legislation at both the European Union and at the national level in Spain, article III(B)(5) of the SOP should be modified to include this new provision transposed in article 67 of the new Law 22/2015, of 20 July, on Auditing, without prejudice to the existence of other changes that would not imply the modification of the SOP.

Moreover, and according to article VII(B) of the SOP that states that “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”, the Parties also agree to update the references included in the Statement of Protocol to the consolidated text of the Act on Auditing, approved by Royal Legislative Decree 1/2011, 1<sup>st</sup> July, to the new Law 22/2015, of 20 July, on Auditing.

Therefore, the Parties hereby agree to amend the Statement of Protocol as follows:

**Article One.** The definitions of “auditor”, “inspections” and “investigations” in Article II of the Statement of Protocol by and between the Public Company Accounting Oversight Board of the United States and the Accounting and Auditing Institute of Spain, are hereby amended to read as follows to replace the old reference to the Spanish law on audit oversight with the new and current reference:

*“Article II. Definitions*

*(...)*

*“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 Law 22/2015, of 20 July, on Auditing in Spain and the Sarbanes-Oxley Act in the United States.*

*(...)*

*“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 Law 22/2015, of 20 July, 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 Law 22/2015, of 20 July, on Auditing in Spain and/or the Sarbanes-Oxley Act in the United States, respectively.”*

**Article Two.** Article III(A)(1) of the Statement of Protocol by and between the Public Company Accounting Oversight Board of the United States and the Accounting and Auditing Institute of Spain, is hereby amended to read as follows to replace the old reference to the Spanish law on audit oversight with the new and current reference:

*“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 Law 22/2015, of 20 July, on Auditing in Spain – and any rules or regulations promulgated thereunder.”*

The footnote corresponding to this article is hereby amended to read as follows to replace the old reference to the Spanish law on audit oversight with the new and current reference:

*“The ICAC has informed the PCAOB that according to article 67.1 third paragraph of the Law 22/2015, of 20 July, on Auditing “the Accounting and Auditing Institute shall be able, following justification of the request by the competent authority in a third country, to allow the said competent authority to be sent the working papers or other documents in the possession of auditors, audit firms and other audit entities that are auditing the accounts of companies domiciled in Spain that have issued securities in that third country or of companies forming part of a group that publishes consolidated annual accounts in the said third country, as well as the inspection or investigation reports relating to the audit of the said accounts.”*

**Article Three.** The footnote corresponding to Article III(B)(4) of the Statement of Protocol by and between the Public Company Accounting Oversight Board of the United States and the Accounting and Auditing Institute of Spain, is hereby amended to read as follows to replace the old reference to the Spanish law on audit oversight with the new and current reference:

“The ICAC has informed the PCAOB that according to article 67.3 of the Law 22/2015, of 20 July, on Auditing in Spain, audit working papers and other documents 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.”

**Article Four.** Article III(B)(5) of the Statement of Protocol by and between the Public Company Accounting Oversight Board of the United States and the Accounting and Auditing Institute of Spain, is hereby amended to add subparagraph (f) and thereby read as follows:

*“Article III. Cooperation*

*B. Requests for information*

*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;*
- 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; or*
- f) Final judgment has already been passed in respect of the same actions and against the same statutory auditors or audit firms by the authorities of the requested Party.*”

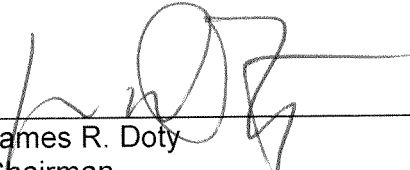
**Article Five.** Article VII(A) of the Statement of Protocol by and between the Public Company Accounting Oversight Board of the United States and the Accounting and Auditing Institute of Spain, is hereby amended to read as follows to replace the old reference to the Spanish law on audit oversight with the new and current reference:

*“Article VII. Entry into force, Expiration and Termination*

- A. This Statement comes into force from the date of signature and shall be in force at any time that a Commission Decision on adequacy with respect to competent authorities in the United States required by*

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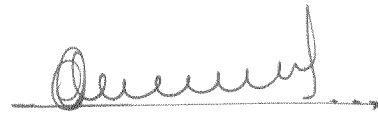
*Article 67.1 of the Law 22/2015, of 20 July, on Auditing is in effect, provided that the Parties exchange, at the prior request of either Party, written letters expressing their willingness to continue cooperating pursuant to the SOP, when a new Commission Decision on adequacy is issued."*



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James R. Doty  
Chairman  
Public Company Accounting  
Oversight Board

Date: 11.22.16



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

Date: 24-11-16