

## MEMORANDUM OF UNDERSTANDING BETWEEN THE KINGDOM OF SPAIN THROUGH THE ACCOUNTING AND AUDITING INSTITUTE AND CANADA THROUGH THE CANADIAN PUBLIC ACCOUNTABILITY BOARD 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 National Instrument 52-108 Auditor Oversight*, and other federal and applicable provincial laws as they may be and as amended from time to time;

and

the Accounting and Auditing Institute (“ICAC”) in the Kingdom of Spain as an autonomous body assigned to the Ministry of Economic Affairs and Digital Transformation, based on its obligations and authority under the Regulation (EU) n° 537/2014 on specific requirements regarding statutory audit of public-interest entities, article 67 of the Law 22/2015, of 20 July, on Auditing and article 115 of the Regulation that develops the Law on Auditing approved by Royal Decree 2/2021 of 12 January and considering article 47 of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, as drafted by Directive 2014/56/EU, 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 Spain to Canada must be in accordance with the Regulation (UE) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and the Act 3/2018, 5 December, on the Protection of Personal Data and Digital Rights Guarantee; 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;

Recognizing article 44 of the Law 25/2014, 27<sup>th</sup> November, on the International Treaties and Agreements,

have agreed as follows:

### SIGNING PARTIES

The ICAC is the oversight body, in the Kingdom of Spain, for the audit activity, according to article 46 of the Law on Auditing, that foresees that ICAC is the authority responsible for the public oversight system and, in particular, for the inspection and investigation system and the disciplinary system for auditors and audit firms in the exercise of the audit activity.

In addition ICAC is, in accordance to the said article 46, responsible for participating within the scope of audit activities in the international co-operation mechanisms.

CPAB has competence in the public oversight, external quality assurance and investigations of auditors and audit firms. CPAB promotes audit quality through proactive regulation, robust audit assessments, standards enforcement, dialogue with Canadian and international stakeholders, and practicable insights



that inform capital market participants and contribute to public confidence in the integrity of financial reporting in Canada.

## PURPOSE

The Signing Parties recognise the need for cooperation in matters related to the oversight of Auditors that fall within the regulatory jurisdiction of a Signing Party, to the extent such cooperation is compatible with the Signing Parties' respective laws and/or regulations, their important interests and their available resources.

The purpose of this MOU is to facilitate cooperation between the Signing Parties to the extent permitted by their respective national laws and/or regulations in the area of public oversight, Inspections and Investigations of Auditors or of Audit Firms, as the case may be, that are subject to the regulatory jurisdictions of the ICAC and CPAB.

## DEFINITIONS

1. For the purpose of this MOU,

“Signing Party” or “Signing Parties” means CPAB and/or the ICAC;

“Auditor” or “Auditors” means a natural person or an audit firm that is subject to a Signing Party’s regulatory jurisdiction in accordance with Law 22/2015, of 20 July, on Auditing and the Regulation that develops the Law on Auditing approved by Royal Decree 2/2021 of 12 January 2021 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 Signing 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 of;
  - i. companies incorporated in Spain which have issued securities in Canada or which form part of a group issuing statutory consolidated accounts in Canada; or
  - ii. companies incorporated in Canada which have issued securities in Spain or which form part of a group issuing statutory consolidated accounts in Spain;
- (b) audit working papers or other documents held by Auditors, provided this information relates to:
  - i. audits of companies incorporated in Spain which have issued securities in Canada or which form part of a group issuing statutory consolidated accounts in Canada; or
  - ii. audits of companies incorporated in Canada which have issued securities in Spain or which form part of a group issuing statutory consolidated accounts in Spain; and
- (c) 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 the Signing Parties.



“**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.

“**Systemic defect**” is defined as a general practice or deficiency in the Auditors system of quality control in violation of applicable professional standards affecting the provision of audit services.

## COOPERATION

### *Scope of cooperation*

2. Cooperation includes the exchange of Information for the purpose of facilitating cooperation between the Signing Parties in the area of public oversight, Inspections and Investigations of Auditors.
3. A Signing Party shall endeavour to inform the other Signing 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 and which relate to a systemic defect in the quality of the audit work of such Auditor, to the extent permitted or required by laws and/or regulations.

### *Requests for information*

4. Each Signing Party may, in its discretion, provide the other Signing Party with Information upon request.
5. Requests will be made in writing (including e-mail) and be addressed to the contact person designated by each Signing Party.
6. The requesting Signing 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 Signing Party, an indication whether the Information requested might be subject to further use or disclosure or transfer under paragraphs 20 to 23.
7. In the case where non-public Information is held exclusively by an Auditor subject to the regulatory jurisdictions of either Signing Party, the other Signing Party will not request the direct transfer of such Information from the Auditor. Such Information will be requested and transferred via the Signing Parties.
8. In cases where the Information requested may be maintained by, or available to, another authority within the country of the requested Signing Party, the Signing Party which has received the request for



information, will endeavour to provide the Information requested, to the extent permitted by laws and/or regulations in their respective countries.

9. No Signing Party is obligated under this MOU to cooperate with another Signing Party in any particular circumstance, and either Signing Party may deny requests for Information and assistance from another Signing Party for any reason. If denying a request in whole or in part, the refusing Signing Party shall inform the other Signing 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 Signing 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 Signing Party accordingly, and will consider whether other relevant Information or assistance can be given.

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

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

13. The requested Signing Party may refuse to act on a request where, among other cases:

- (a) It concludes the request is not in accordance with this MOU;
- (b) Acceding to the request would contravene laws and/or regulations of the requested Signing Party's country or where such non-public Information is covered by solicitor/attorney-client privilege or legal professional privilege under the laws and/or regulations of the requested Signing Party's country;
- (c) It would burden the requested Signing Party disproportionately;
- (d) It concludes it would be contrary to the public interest of the requested Signing Party's country for assistance to be given;
- (e) The provision of non-public Information would adversely affect the sovereignty, security or public order of the requested Signing Party's country;
- (f) Judicial proceedings have already been initiated or final judgment has been rendered in respect of the same actions and against the same persons before the judicial authorities of the country of the requested Signing Party; or
- (g) Final resolution has been rendered in respect of the same facts and against the same auditors by the requested Signing Party.

14. The exchange of the Information will not undermine the protection of the commercial interests of the audited entity, including its industrial and intellectual property.



15. 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

16. Each Signing Party shall keep confidential all non-public Information received or created in the course of cooperating in accordance with the terms of this MOU, subject to paragraphs 21 to 23, 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 Signing Parties;
- b) involved in the governance of the Signing Parties; or
- c) otherwise associated with the Signing Parties.

17. The Signing 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.

18. The Signing 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.

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

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

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

### EXCEPTIONS TO CONFIDENTIALITY

21. In the event that a Signing Party is legally obligated to disclose or transfer the non-public Information received or created in order to comply with its obligation under its domestic laws and/or regulations or by a court order, or when legally obligated to onward share the non-public Information received or created with a relevant regulatory authority or professional regulatory authority, it will provide at least fifteen working days written notice to the other Signing Party prior to disclosure, stating the reasons as to why the Signing Party is required to disclose such Information. If the other Signing Party objects to such disclosure or transfer, the Signing Party obligated to disclose or transfer will make best efforts to resist the disclosure or transfer of the non-public Information and will inform the objecting Signing Party of its efforts to resist disclosure or transfer.



22. A Signing Party that intends to disclose or transfer to a third party any non-public Information received or created in the course of cooperation, other than in cases referred to in paragraph 21, must obtain the prior written and specific consent of the Signing Party which provided the non-public Information. The Signing Party which intends to disclose or transfer the non-public Information shall indicate the reasons and the purposes for which it would be disclosed or transferred. The consent, if provided, will be provided within ten working days upon receiving notice of intent to disclose or transfer the non-public Information. This deadline can be extended to allow the requested Signing Party to seek whatever advice and/or consent(s) it deems appropriate prior to providing consent. The requested Signing Party may make its consent to the disclosure or transfer of the non-public Information subject to conditions. If the Signing Party which provided the non-public Information does not consent, the non-public Information will not be disclosed.

23. A Signing Party may publicly announce its sanctions or disciplinary measures imposed on Auditors that fall within the regulatory jurisdiction of CPAB or ICAC, as permitted or required by laws and/or regulations of that Signing Party's jurisdiction. Once having publicly announced such sanctions or disciplinary measures, the Signing Party announcing the sanctions or disciplinary measures shall give written notice to the other Signing Party within fifteen business days of the public announcement of the sanctions or disciplinary measures.

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

24. The Signing Parties will only transfer personal data in accordance with their respective national laws and/or regulations.

#### **OTHER**

25. This MOU does not create any binding legal obligations, nor does it modify or supersede any laws and/or regulations in Canada or Spain. This MOU does not give rise to a right on the part of CPAB, 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 CPAB or the ICAC.

26. This MOU does not prohibit CPAB or the ICAC 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.

27. The Signing Parties shall, at the request of either Signing 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.

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

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

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



30. This MOU will be applicable from the date of signature.

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

*Santiago Durán Domínguez*  
*Chairperson*  
Spanish Accounting and Auditing Institute  
Kingdom of Spain

Date: \_\_\_\_\_

*Carol Paradine*

*Carol Paradine*  
*Chief Executive Officer*  
Canadian Public Accountability Board

Date: July 20, 2023




# report\_MOU - CPAB ICAC - 2023-06-26 FINAL\_EN (004)


Final Audit Report


2023-07-20


Created:	2023-07-20
By:	Ewa Noganska (ewa.noganska@cpab-ccrc.ca)
Status:	Signed
Transaction ID:	CBJCHBCAABAAMuuOJsfgwCV8dtmgineQhwmkmr-FDI5r


## "report\_MOU - CPAB ICAC - 2023-06-26 FINAL\_EN (004)" History


 Document digitally presigned by SELLO ELECTRONICO DE LA SGAD  
2023-06-27 - 9:39:45 PM GMT- IP address: 74.14.15.163

 Document created by Ewa Noganska (ewa.noganska@cpab-ccrc.ca)  
2023-07-20 - 2:49:33 PM GMT- IP address: 74.14.15.163

 Document emailed to Carol Paradine (carol.paradine@cpab-ccrc.ca) for signature  
2023-07-20 - 2:50:45 PM GMT

 Email viewed by Carol Paradine (carol.paradine@cpab-ccrc.ca)  
2023-07-20 - 3:15:46 PM GMT- IP address: 83.229.12.44

 Document e-signed by Carol Paradine (carol.paradine@cpab-ccrc.ca)  
Signature Date: 2023-07-20 - 3:18:02 PM GMT - Time Source: server- IP address: 192.75.253.37

 Agreement completed.  
2023-07-20 - 3:18:02 PM GMT