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MEMORANDUM OF UNDERSTANDING
BETWEEN THE
AUDITOR OVERSIGHT COMMISSION
AND THE
FEDERAL AUDIT OVERSIGHT AUTHORITY
ON COOPERATION RELATED TO THE OVERSIGHT OF AUDITORS

The Auditor Oversight Commission (AOC)

and

the Federal Audit Oversight Authority (FAOA)

having regard to § 66a Absatz 11 Satz 1 Public Accountant Act (“Wirtschaftsprüferordnung”) in conjunction with § 57 Absatz 9 Public Accountant Act as based on Article 47 of Directive 2006/43/EC of the European Parliament and the Council of 17 May 2006;

having regard to 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

1. Within the scope of their public oversight activity, both Parties seek to improve the quality of auditing so as to strengthen public trust in the auditors’ report and increase investor confidence in their respective capital markets.
2. Given the global nature of capital markets, the Parties recognise the need for international cooperation, in which the supervisory authorities can trust the

respective oversight activity of the supervisory authority in the origin country of the audit firms. This is the only way to avoid an undue burden on the audit firms and overlapping in supervision. Mutual reliance for the purpose of this MOU means that the Parties rely on the supervision of the audit firms in their home country and shall refrain from registering auditors and audit firms from the other country and its consequences on the basis of reciprocity, to the extent permitted by their respective national laws or regulations.

3. The purpose of this MOU is to facilitate mutual cooperation between the Parties to the extent permitted by their respective national laws in the area of public oversight, inspections and investigations of auditors of companies which are subject to the oversight of the Parties in accordance with the Public Accountant Act in Germany and the Federal Audit Oversight Act in Switzerland.

DEFINITIONS

4. For the purpose of this MOU,

“Party” or **“Parties”** means the Federal Audit Oversight Authority in Switzerland and/or Auditor Oversight Commission in Germany;

“Auditor” means a natural person or an audit firm that is subject to the Parties’ regulatory jurisdiction in accordance with the Public Accountant Act in Germany and the Audit Oversight Act in Switzerland;

“Laws or regulations” means any laws, rules or regulations in force in the respective countries of the 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 or regulations.

COOPERATION

Scope of cooperation

5. Cooperation includes the exchange of information, such as:
 - (a) Reports on the outcome of inspections and investigations, including information on firm-wide procedures, provided that these reports relate to the auditors in terms of this MOU;
 - (b) audit working papers or other documents held by auditors, provided that this information relates to the auditors in terms of this MOU;
 - (c) Information from other areas of mutual interest for the purpose of public oversight.

Requests for information

6. Each Party will provide the other Party with information upon request.
7. Requests will be made in writing (including e-mail) and 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 needed, and if applicable, the respective regulations 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 of whether the information requested might be subject to further use or disclosure under paragraphs 18 to 20.

9. In the case where confidential information is held exclusively by a relevant auditor, the Parties will not request direct transfer of such information by the auditor. Such information will be requested via the other Party.
10. 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 will endeavour to provide the information to the extent permitted by national laws or regulations.

Execution of requests for information

11. Each request will be assessed on a case by case basis by the requested Party to determine whether 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.
12. Each party shall endeavour to provide a prompt and adequate response to requests for information.
13. In order to avoid unnecessary delays, the requested Party will provide as appropriate parts of the requested information as they become available.
14. The requested Party may refuse to act on a request where:
 - (a) it concludes that 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, in particular if the information is to be passed on to criminal authorities or to authorities and bodies with the power of administrative sanctions and legal assistance in criminal matters would be excluded because of the nature of the offence;
 - (c) it would burden the requested Party disproportionately;
 - (d) it concludes that 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 have become legally effective in respect of the same actions and against the same persons before the authorities of the country of the requested Party.
15. The requested Party will promptly inform the requesting Party of the reasons where it refuses to act on a request made under this MOU.
16. Any document or other material provided in response to a request under this MOU and any copies thereof should be returned on request to the extent permitted by national law.

CONFIDENTIALITY

17. Each Party shall keep confidential all information received or created in the course of cooperating. 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.
18. The Parties may use information, including unsolicited information, received or created in the course of cooperating only for the exercise of their functions of public oversight, 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 it to conditions.
19. In the event that a Party is required to disclose or to transfer the information received in order to comply with its obligation under its national law or by a court

order, it will provide, wherever possible, at least fifteen working days advance written notice to the other Party prior to its disclosure stating the reasons thereof. If the other Party objects to its disclosure or transfer, then the requesting Party will make reasonable efforts to resist the disclosure or transfer of the information.

20. A Party that intends to disclose or to transfer to a third party any information received or created in the course of cooperation, other than in cases referred to in paragraph 19, must obtain the prior written and specific consent of the Party which provided the information. The Party which intends to disclose or to transfer this information shall indicate the reasons and the purposes for which the information is disclosed or transferred. The requested Party may make its consent to the disclosure or transfer of the information subject to conditions.

THE TRANSFER OF PERSONAL DATA

21. The Parties will only transfer personal data in accordance with their respective laws on data protection.

OTHER

22. This MOU does not create any binding legal obligations, nor does it modify or supersede any laws or regulations in Germany or in Switzerland. This MOU does not give rise to a right on the part of the AOC, 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 the AOC or the FAOA.
23. This MOU does not prohibit the Parties 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. The Parties shall at the request of either party consult on issues related to the matters covered by this MOU and share experiences and knowledge gained in the discharge of their respective duties to the extent permitted by their respective laws and regulations.

25. The Parties may consult informally, at any time, about a request or proposed request or about any information provided.
26. The Parties may consult and revise the terms of this MOU in the event of a substantial change in the laws, regulations, or practices affecting the operation of this MOU.

ENTRY INTO EFFECT AND TERMINATION

27. This MOU will come into force from the date of signature by both parties.
28. This MOU may be terminated by either Party at any time. The provisions concerning confidentiality (clauses 17 to 20) and on the transfer of personal data (clause 21) shall remain in force thereafter.

For the
Auditor Oversight Commission

For the
Federal Audit Oversight Authority

Dr. h.c. Wolfgang Spindler
(Chairman)

Prof. h.c. Hans Peter Walter
(Chairman of the Board of Directors)

Date: (20 October 2011)

Date: (24 October 2011)

(Signature)

(Signature)

Frank Schneider
(Chief Executive Officer)

Date: (24 October 2011)

(Signature)