

**AGREEMENT BETWEEN THE FINANCIAL REPORTING COUNCIL AND  
THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD  
ON THE TRANSFER OF CERTAIN PERSONAL DATA**

**I. DEFINITIONS**

For the purpose of this Agreement:

**"Personal data"** means any information relating to an identified or identifiable natural person ("data subject"); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity.

**"Processing of personal data"** ("processing") means any operation or set of operations which is performed upon personal data, whether or not by automatic means, such as collection, recording, organisation, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, blocking, erasure or destruction.

**"Third party"** means any natural or legal person, public authority, agency or any other body other than the data subject, the FRC, the PCAOB, and the persons who, under the direct authority of the above, are authorized to process the data.

**"Controller"** means, in the case of personal data processed in the EU and transferred to the PCAOB, the FRC or the PCAOB which alone or jointly determines the purposes and means of the processing of personal data.

**"Processor"** means a natural or legal person, public authority, agency or any other body which processes personal data on behalf of the controller.

**"Sensitive data"** means data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs or trade union membership and data concerning health or sex life and data relating to offences, criminal convictions or security measures in relation to individuals.

**"Party" or "Parties"** means the Public Company Accounting Oversight Board ("PCAOB") in the U.S. and/or the Financial Reporting Council ("FRC") in the United Kingdom.

**"Data Protection Directive"** means Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

**"Statement of Protocol" ("SOP")** means the document by that name, dated April 24, 2017, and agreed upon by the Parties to facilitate cooperation and the exchange of information.

## II. DATA PROCESSING PRINCIPLES<sup>1</sup>

The Parties agree that the transmission of personal data by the FRC to the PCAOB shall be governed by the following provisions:

**1. Purpose limitation:** Personal data transmitted by the FRC to the PCAOB may be processed by the PCAOB itself only for the purposes permitted or required by the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), i.e., for the purposes of oversight, inspections and investigations of registered accounting firms and their associated persons subject to the regulatory jurisdiction of the PCAOB and the FRC. The onward transfer of such data which may be for other purposes is governed by paragraph 7 below.

**2. Data quality and proportionality:** Both parties will endeavour to ensure that it transmits to the other party personal data that is accurate. Each party will inform the other party if it learns that previously transmitted information was inaccurate and/or must be updated. In such case the other party will make any appropriate corrections in its files.

The parties acknowledge that the PCAOB primarily seeks the names, and information relating to the professional activities, of the individual persons who were responsible for or participated in the audit engagements selected for review during an inspection or who play a significant role in the firm's management and quality control (the "Auditor Information").

Such information would be used in order to assess the degree of compliance of the registered accounting firm and its associated persons with the Sarbanes-Oxley Act, the securities laws relating to the preparation and issuance of audit reports, the rules of the PCAOB, the rules of the U.S. Securities and Exchange Commission ("SEC") and relevant professional standards in connection with its performance of audits, issuance of audit reports and related matters involving issuers (as defined in the Sarbanes-Oxley Act).

The personal data must be adequate, relevant and not excessive in relation to the purposes for which they are transferred and further processed. The Parties agree that providing the Auditor Information to the PCAOB in the context of the Sarbanes-Oxley Act is considered as adequate, relevant and not excessive in relation to the purposes for which it is transferred and further processed. However, the disclosure of other types of personal data, if requested by the PCAOB, shall be considered by the FRC on a case by case basis.

The personal data must be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected or for which they are further processed, or for such time as otherwise required by applicable laws, rules or regulations.

**3. Transparency:** The FRC will provide to data subjects information relating to the transfer and further processing of personal data as required by the Data Protection Directive and the Data Protection Act 1998. The Parties acknowledge that the purpose and use by the PCAOB of the personal data are set forth in the Sarbanes-Oxley Act, as further described in **Appendix I**.

**4. Security and confidentiality:** The Parties acknowledge that in **Appendix II**, the PCAOB has provided information describing technical and organisational security measures deemed adequate by the Parties to guard against accidental or unlawful destruction, loss, alteration, disclosure of, or access to, the personal data.

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<sup>1</sup> The FRC has informed the PCAOB of the FRC's responsibilities under the Data Protection Act 1998 with respect to personal data transmitted by the PCAOB to the FRC.

The PCAOB agrees to update the information in **Appendix II** if changes are made to its technical and organisational security measures that would weaken the protection provided for personal data.

Any person acting under the authority of the data controller, including a processor shall not process the data except at the data controller's request.

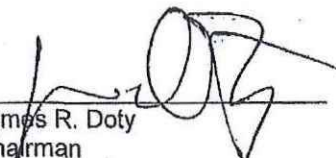
**5. Rights of access, rectification or deletion:** The Parties acknowledge that the transfer of personal data would occur in the context of the PCAOB's exercise of its official regulatory authority pursuant to the Sarbanes-Oxley Act, and that the rights of data subjects to access personal data held by the PCAOB therefore may be restricted in order to safeguard the PCAOB's ability to monitor, inspect or otherwise exercise its regulatory functions with respect to the audit firms and associated persons under its regulatory jurisdiction. However, a data subject whose personal data has been transferred to the PCAOB may request that the FRC identify any personal data that has been transferred to the PCAOB and request that the FRC confirm with the PCAOB that the data is complete, accurate and, if applicable, up-to date and the processing is in accordance with the data processing principles in this agreement.

If the data turns out to be incomplete, inaccurate or outdated or the processing is not in accordance with the data processing principles in this agreement, the data subject has the right to make a request for rectification, erasure or blocking the data, through the FRC.


**6. Sensitive data:** Sensitive data shall not be transferred by the FRC to the PCAOB except with the consent of the data subject.

**7. Onward transfer:** In the event that the PCAOB intends to transfer any personal data to a Third Party (except the US Securities and Exchange Commission) the PCAOB shall comply with the process set forth in Article IV.7 of the SOP. It shall be the responsibility of the FRC to provide relevant information to the data subject, if required by EU or UK law.

**8. Redress:** The Parties acknowledge that the PCAOB has provided information set forth in **Appendix III**, describing the consequences for the unlawful disclosure of non-public or confidential information. Any suspected violations of the Sarbanes-Oxley Act or the PCAOB's rules (including its Ethics Code) may be reported to (1) the PCAOB Office of Internal Oversight and Performance Assurance ("IOPA"); (2) the PCAOB Center for Enforcement Tips, Complaints and other Information, both of which are further described in **Appendix III**, through the PCAOB web site or by telephone, or (3) the SEC.

  
James R. Doty  
Chairman  
Public Company Accounting  
Oversight Board

Date: 4.24.17

  
Melanie McLaren  
Executive Director  
Audit and Actuarial Regulation Division  
Financial Reporting Council

Date: 25 April 2017